
Measuring Stability and Security in Iraq

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Report to Congress

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Executive Summary

This report to Congress, Measuring Stability and Security in Iraq, is submitted pursuant to Section 9010 of the Department of Defense Appropriations Act 2007, Public Law 109-289 as amended by Section 1308 of Public Law 110-28. The report includes specific performance indicators and measures of progress toward political, economic, and security stability in Iraq, as directed in that legislation. This is the tenth in a series of quarterly reports on this subject. The most recent report was submitted in September 2007. The report complements other reports and information about Iraq provided to Congress and is not intended as a single source of all information about the combined efforts or the future strategy of the United States, its Coalition partners, or Iraq.

The strategic goal of the United States in Iraq remains a unified, democratic and federal Iraq that can govern, defend and sustain itself and is an ally in the war on terror. This report measures progress towards, and setbacks from, achieving that goal during the reporting period (September through November 2007).¹ There has been significant security progress, momentum in reconciliation at the local and provincial levels and economic progress. However substantial the security progress made since the last report, sustained and durable progress depends on further progress in attaining political and economic objectives. The United States, its Coalition partners and others in the international community remain committed to assisting the Government of Iraq (GoI) in capitalizing on this progress.

The continued implementation of the *New Way Forward* strategy combined with the surge in overall force levels in Iraq has considerably improved overall levels of security during the past quarter. Improved security is beginning to achieve momentum that, if maintained, may lead to sustained stability. The “tribal awakening” movement has grown as an increasing number of sheikhs—Sunni and Shi’a—have chosen to stop resisting the Coalition. They are instead working together with the GoI and the Coalition, including with Provincial Reconstruction Teams, to improve security

and economic conditions at the local level. “Concerned Local Citizen” (CLC) programs have been established through which members of communities work with Coalition and Iraqi forces to protect their neighborhoods and critical infrastructure, with greater than 75% under U.S.-funded contracts. This program enhances the ability of Coalition and Iraqi forces to interact with local residents and obtain information on insurgents and illegal militia activity. The CLC movement is proving crucial to the counterinsurgency effort and will require continued support. Efforts to transition these CLC personnel to regular positions in the army or police or to provide other employment opportunities are underway but these efforts are moving slowly. The pace of integrating the CLC members into GoI institutions, lack of alternative employment and fears by the Maliki government that these forces may return to violence or form new militias are of concern.

The number of security incidents has fallen significantly and is now at levels last seen in the summer of 2005. Although ethno-sectarian violence continues to be a concern, overall civilian casualties, enemy attacks and total improvised explosive device attacks have decreased markedly over the reporting period. For example, the number of high-profile attacks in Iraq declined by over 50% since March 2007. The overall reduction in

security incidents can be attributed to several factors, including the continued decrease in capabilities of al Qaeda in Iraq (AQI) and militia extremists, increased tribal initiatives against AQI and other extremists, Muqtada al-Sadr's ceasefire order to his Jaysh al-Mahdi militia, the increased capability of the Iraqi military and police, the separation of Iraq's previously mixed sectarian communities into homogenous neighborhoods and the sustained presence of Coalition and Iraqi forces among the population.

Coalition forces continue to transfer responsibility for security to the GoI. Karbala Province transitioned to Provincial Iraqi Control (PIC) on October 29, 2007, bringing the total number of provinces for which the GoI has lead security responsibility to eight of eighteen provinces. In particular, Anbar Province continued to show significant improvements in security. Despite AQI's assassination of Sheikh Abd al Sattar Biziah Fitikhan al Rishawi on the first day of Ramadan, the *Sahawa al Iraq* (SAI)² movement, under the leadership of his brother Sheikh Ahmad, continued its opposition to AQI and Sunni resistance elements. In the southern provinces, Iraqi forces have taken a more assertive role in the security of Basrah City in preparation for the transition of Basrah to PIC in December 2007.

While the GoI's lack of progress on key legislation has been disappointing and has hindered "top-down" reconciliation, "bottom-up" reconciliation initiatives gained momentum as tribal and local outreach efforts expanded during this quarter. The Council of Representatives (CoR) passed an important pensions law, which has been signed by the Presidency Council, and some legislative progress has been made on the de-Ba'athification law (now known as the Accountability and Justice Law), which received two readings in the CoR. In

addition, Iraq and the United States signed a Declaration of Principles for a Long-Term Relations of Cooperation and Friendship Between the Republic of Iraq and the United States of America on November 26, 2007, which establishes a framework for continued bilateral cooperation. Following this, the GoI signed the United Nations Security Council Resolution renewal letter, which is consistent with the road map laid out in the Declaration of Principles.

On the international front, on November 2-3, 2007, Turkey hosted the second Iraq Expanded Neighbors Ministerial Conference, which concluded with a commitment to establish a temporary office in Baghdad to support the Neighbors Process, the reiteration of broad international support for Iraq's efforts to achieve political reconciliation, support for an expanded United Nations Assistance Mission in Iraq (UNAMI) and recommitment to the International Compact with Iraq (ICI). As part of its expanded mandate, UNAMI has committed to providing technical assistance and personnel to help staff the Neighbors Process support office. Since the last report, Iraq has made progress in implementing the ICI economic initiatives.

The Iraqi economy continues to improve and overcome many challenges to stability and growth. Estimated nominal gross domestic product (GDP) is US\$60.9 billion. Real GDP will increase by an estimated 6.3% in 2007 as growth in the non-oil sector continues. The inflation rate has continued to decline due to the Central Bank of Iraq's tight monetary policy implemented through appreciation of the Iraqi dinar. Year-on-year headline inflation as of October 2007 is 20.4%, which is down from 52.8% one year ago and year-to-date inflation is 4.2%. Iraq has maintained satisfactory performance on its Stand-By Arrangement (SBA) with the International

Monetary Fund (IMF) and has a Board date on December 19, 2007 for a new SBA program that is likely to be approved. Crude oil production and oil exports are higher than during the same period in 2006. State-provided electricity outputs for September through November 2007 averaged 107,581 megawatt hours, a 14% increase over production rates for the same period in 2006. Although the GoI will probably not fully execute its capital budget prior to the end of its fiscal year, Iraq has dramatically improved capital spending and, based on August data, has already executed the amount spent 2006. As of this writing, the CoR has held two readings of the draft budget law. Although the budget process is ahead of last year's timeline, the CoR's early December recess will delay approval of the budget until after the start of Iraq's fiscal year on January 1, 2008.

As for development of the GoI's security forces, the military and police continue to expand in number and improve in capability. Iraq's basic combat and basic police training facilities continuously operate at or near capacity. As of November 15, 2007, the Coalition and the Ministry of Defense have generated 117 army battalions that are conducting operations at varying levels of capability; another 42 are currently in or planned for force generation. Ten divisions, 34 brigades, and 108 battalions have the lead in counterinsurgency operations in their areas of responsibility. Many elements of the Iraqi Army are now capable of conducting counterinsurgency operations, but most also remain dependent on Coalition enablers.

Coalition advisors report steady but inconsistent improvement in the abilities of the Ministry of Defense and the Ministry of Interior to perform key ministerial functions; develop and implement plans and policies; and provide direction and oversight to intelligence, personnel management, acquisitions, logistics, communications and budgeting. U.S.-funded programs and advisory efforts continue to improve the capabilities of the Iraqi forces but internal sectarian biases, commissioned and non-commissioned officer shortfalls, logistics deficiencies and a dependence on the Coalition for many combat support functions continue to hinder the Iraqi forces' ability to operate without Coalition assistance.

In summary, tactical and operational momentum has been achieved, and there have been notable overall improvements in the security situation. These improvements, combined with an increase in provincial government expenditure rates, have contributed to improvements in the delivery of essential services and other key programs to the Iraqi people. Cooperation with Iraqi and Coalition forces by tribal leaders—both Sunni and Shi'a—has advanced “bottom-up” reconciliation and assisted in countering extremism. The numerous “tribal awakening” movements and the CLC program are making progress at the local level, but challenges remain at the national level. The key to long-term success will be the GoI's ability to capitalize upon local gains, pass key legislation and promote national reconciliation.

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Section 1—Stability and Security

1.1 Political Stability

During this reporting period, operations by Coalition and Iraqi forces produced strong improvements in security, enhancing conditions for reconciliation, political accommodation, economic development and the provision of basic public services. “Bottom-up” reconciliation initiatives gained momentum this quarter as growing numbers of Sunni and Shi’a tribal leaders worked with the Government of Iraq (GoI) and the Coalition, including with Provincial Reconstruction Teams, to improve security and economic conditions at the local level. Iraqi national leaders have made only marginal progress on key legislation, constitutional revisions and in resolving other critical issues needed for political reform and reconciliation.

National Reconciliation

National reconciliation is required for long-term stability but continues to be hindered by slow progress and competing interests. Some progress has been made. For example, on October 3, 2007, the Iraqi Council of Representatives (CoR) passed an amendment to the Unified Retirement Law. This law allows former civil servants to combine years of public service with those while in the private sector and has the potential to advance reconciliation by allowing former regime elements to retire and draw pensions. While the law was returned to the CoR to address concerns from the Presidency Council, it was finally passed on November 19, 2007. The Presidency Council subsequently signed the bill and it will enter into force after publication in the official government Gazette. Additionally, the Accountability and Justice Law (de-Ba’athification reform) was introduced into the CoR and has received its first and second reading. At the grass-roots level, the U.S. and Iraqi Governments are

working with Concerned Local Citizens (CLCs) who reject the extremists and are joining the political process by working through established governance institutions. In doing so, local political accommodation is taking place.

Political Commitments

Consensus among the top Shi’a, Sunni and Kurdish leaders was reached on a number of issues in the August 26, 2007 Leaders’ Conference communiqué, although implementation of that consensus is lagging and the CoR continues to miss or extend constitutional and legislative deadlines. The August 2007 resignation of six Sunni ministers from the Tawafuq and Iraqi National List bloc combined with the previous resignation of six Sadrist ministers continues to weaken the government and complicate efforts to reach consensus among Iraq’s three major ethno-sectarian groups. Prime Minister Maliki’s nominees for Ministers of Health and Agriculture were approved. These will replace Sadrists who had resigned their positions several months ago. The new ministers are Shi’a technocrats with no party affiliation. While these appointments appear promising, the Parliament is already hindering the forward momentum of ministerial shuffling by thwarting the Prime Ministers nominations for Ministers of Justice and Communications. Filling the remaining cabinet positions will be critical to enhancing Iraq’s ability to provide services to its citizens.

The CoR began a new session in early September and continued to work on key legislation, including the Accountability and Justice Law and the 2008 budget. Progress in passing the coming year’s budget is further along this year than at this time in 2006 but approval will be delayed until after the

beginning of the new fiscal year on January 1, 2008 by the CoR's recess beginning in early December. Key legislation includes:

A Package of Hydrocarbon Laws

The package of hydrocarbon laws awaiting action by the CoR has the potential to promote political unity by implementing a legal and regulatory framework that maximizes the value of the nation's oil and gas resources while ensuring that all Iraqis benefit equitably from hydrocarbon revenues. While there is, at present, a *de facto* sharing of the revenue from Iraq's hydrocarbon resources, it is important that legislation be enacted to codify the joint administration of these resources by the central government and regional and provincial governments as well as the specific revenue sharing formulas. Specifically, the framework law and three supporting implementing laws apportion revenues, re-organize the Ministry of Oil and reconstitute the Iraq National Oil Company. The framework law is with the CoR, although no action has been taken on it. The other three supporting implementing laws have yet to be submitted for parliamentary approval. Once passed, the laws should provide the legal framework necessary to attract the billions of dollars of capital needed to develop Iraq's petroleum sector. Oil export proceeds provide the vast majority of the GoI's revenues, which are allocated to national ministry and provincial programs.

The Kurdistan Regional Government (KRG) passed its own hydrocarbon law in August 2007, a move Baghdad declared illegal. Iraq's Minister of Oil asserts that no regional petroleum law can precede federal law. The Minister cautions that foreign petroleum companies that make deals with the KRG may face legal action and could be precluded from signing contracts after national hydrocarbon legislation is passed. Despite these assertions, the KRG insists that its

regional law legitimately represents principles found in the Iraqi Constitution. The KRG has signed several production sharing contracts with foreign companies, including three American firms (Hunt Oil, Hillwood Energy, and Aspect Energy).

A De-Ba'athification Law

De-Ba'athification legislation, now known as the Accountability and Justice Law, involves justice, accountability, reconciliation and economic compensation issues. The Council of Ministers (CoM) recently approved the Leaders' draft of the law and passed it to the CoR where it received its first and second reading. Despite the lack of implementing legislation, the GoI has conducted a significant amount of outreach to Sunnis and military members of the former regime, and Sunnis increasingly are cooperating in the fight against al Qaeda in Iraq (AQI). In addition, the GoI is working to provide pensions to former government officials, including outreach to former Iraqi Army officers, by offering retirement funds, positions within the military or public sector employment.

A Constitutional Review

On May 23, 2007, Iraq's Constitutional Review Committee (CRC) outlined outstanding issues in a "semi-final" report to the CoR. These issues reflect longstanding disagreements among political leaders regarding the nature and the scope of presidential powers, the extent of the regional powers and the status of disputed territories under Article 140 of the Constitution, particularly Kirkuk. Progress on Article 140 normalization is proceeding slowly. There has been no progress on the constitutionally required census and referendum; however, the newly appointed United Nations (UN) Special Representative has agreed to focus on Article 140 issues. On September 8, 2007, the CoR approved an additional extension for

the CRC until December 31, 2007, the formal end of the current legislative session, to produce a final report.

Provincial Election and Powers Laws

A Provincial Powers Law that defines the relationship between provincial governments and the central government was read in the CoR twice in 2007 but has been sent back to the Presidency Council for modification. Although the Provincial Powers Law is not technically required to conduct an election, many Iraqi officials believe it is a necessary pre-condition. The August 26, 2007 Iraqi Leaders' Conference resulted in agreement on pressing forward with the legislation but details still need to be worked out. The lack of a recent census and a budget for elections, as well as the large number of internally displaced persons, will complicate election preparation and execution. Timing of an Article 140 vote regarding Kirkuk is an additional complicating factor. Even if the CoR immediately passed a provincial elections law and the GoI developed plans for electoral security and logistics, it is still unlikely that elections would occur before the middle of 2008.

In early September 2007, the Prime Minister's office drafted an Elections Law that addresses elections at the governorate, district and sub-district levels. This draft requires extensive revision to address significant shortcomings and procedural problems. As of this reporting period, candidate lists for the Governorate Electoral Officer for twelve of the eighteen governorates have been submitted to the CoR and forwarded to the Independent High Electoral Commission (IHEC). The IHEC continues to focus on resolving logistical and security issues. For example, in early October 2007 it completed conversion of the Public Distribution System (PDS) database to a usable format to build a voter registry, a key

prerequisite for provincial elections. U.S. efforts continue to focus on working with the UN to assist the IHEC in building staff capacity, particularly in public outreach and internal organization; building database capacity that will support new registration; and establishing provincial, district and precinct-level election bodies.

Government Reform

Ministerial Capacity Development

During this reporting period, U.S. efforts to build Iraqi ministerial capacity focused on improving internal oversight and expanding U.S. advisory teams. This focus addressed a Government Accountability Office report issued in October 2007 that recognized the quality of the individual work performed but noted that U.S. efforts lacked overall direction and coordination, sufficient ministerial performance measures, goals linked to GoI objectives and a study of costs and resources.³ The U.S. Agency for International Development (USAID) and the Embassy's Iraq Transition Assistance Office are responsible for leading efforts to assess current ministerial performance and to follow through with prioritized action plans, milestones and outcomes. Factors affecting progress in developing Iraqi ministerial capacity and performance are a lack of reliable data for assessments and limited staff assistance visits to many of the ministries. Multi-National Security Transition Command-Iraq (MNSTC-I) remains responsible for developing the Ministries of Defense and Interior.

Provincial Reconstruction Teams (PRTs)

The PRTs and Embedded Provincial Reconstruction Teams (ePRTs) are essential elements in the U.S. civil-military stabilization and reconstruction effort. They draw on U.S. interagency expertise to focus on building decentralized governance capacity and to assist Iraq's local, municipal,

and provincial governments. There are 25 PRTs, with 11 working at the provincial level and another 14 ePRTs embedded with Brigade Combat Teams working at the local, district and neighborhood levels. In addition, there are seven smaller Provincial Support Teams. While the needs of each province vary, all PRTs conduct similar programs to foster social and economic development and to improve the quality of life through better delivery of basic services to the Iraqi people. PRTs are instrumental in helping the provincial governments spend their own money by strengthening local government capacity. PRTs also serve as powerful tools to support moderates who seek peaceful ways in which to resolve political differences.

Rule of Law

On September 20, 2007, Prime Minister Maliki took an important step in fostering the rule of law and providing Iraqi detainees fair treatment by signing an executive order requiring humane treatment of detainees and more expeditious processing of their cases. The order directs the Ministerial Committee for Rule of Law and Detention (MCROLD), which consists of senior representatives from relevant ministries, to meet weekly to address rule of law and detention issues. The MCROLD is required to report to the Ministerial Committee for National Security. The National Security Advisor oversees implementation of the order. The order also serves as an important means of fostering national reconciliation.

Since the last report, the number of Iraqi judges has increased by 100 to 1,200 but experience levels remain low, contributing to the length of time needed to review each case. Although the Higher Juridical Council has hired hundreds of new judges and judicial investigators in the past two years, thousands of detainees remain in Iraqi pre-trial confinement for extended periods of time pending investigation of their cases. The

number of individuals tried has doubled over the past quarter while the rate of detention by the Iraqi police and Army has dropped significantly. In June 2007, Iraqi forces in Baghdad detained approximately 300 persons per week, but by September 2007, detentions had dropped to approximately 150 per week. Ongoing GoI and Coalition efforts to train and deploy additional judicial assets should help reduce the number of detainees who must wait for extended periods to have their cases resolved by an Iraqi judge.

Since the last report, Major Crimes Courts (MCCs) established in Ninewa, Kirkuk, Salah ad Din, and Anbar Provinces as branch courts of the Central Criminal Court of Iraq (CCC-I) held 51 trials that issued 33 death sentences and 18 life sentences. These MCCs serve as secure locations to hear major crimes cases. In Ninewa, considered the model, the panels hearing these cases are composed of traveling judges from the CCC-I in Baghdad. With the exception of the Anbar Criminal Court and the Salah ad Din MCC, both of which have recently begun to employ panels of local judges, logistical difficulties such as bringing judicial panels from other provinces to try cases hinder MCC efforts. In response to these difficulties, the U.S. Government began the expansion of the Rusafa Rule of Law Complex (ROLC) concept, establishing secure judicial complexes in key areas in Iraq that provide safe locations for judges and their families to reside and hear criminal cases, thus increasing judicial productivity. The first such ROLC project outside Baghdad is currently being established in Ramadi, the capital of Anbar Province.

Problems associated with a nationwide shortage of space for pre-trial detainees are exacerbated by the current lack of available prison (post-trial) capacity. Currently, Iraq is utilizing all of its post-trial prison capacity. Although U.S.-funded construction at

Nasiriyah, Fort Suse and Cham Chamal should provide another 6,000 prison beds by the end of 2009, these will not begin to become available until mid-2008. As a result, on behalf of the GoI, the Coalition is holding more than 600 personnel who have been convicted in Iraqi courts in Coalition detention centers at Camp Cropper and Camp Bucca. Although the Rusafa ROLC is intended to be a pre-trial detention facility, it also holds more than 300 post-trial detainees.

Transnational Issues

The U.S. continues to encourage support for Iraq among its neighbors, the region and the international community to ensure the territorial integrity of Iraq and to eliminate negative external influences. Some progress has been made in these areas. Additional movement was made on energy and refugee issues, building on the success of the May 2007 meetings hosted by Egypt for the International Compact with Iraq (ICI) and the November 2007 Expanded Neighbors of Iraq Ministerial.

Iranian Influence

In late September, Iranian President Ahmadinejad pledged to Prime Minister Maliki to help cut off weapons, funding and other militia and insurgent support that crosses the Iranian border. There has been no identified decrease in Iranian training and funding of illegal Shi'a militias in Iraq. Tehran's support for Shi'a militant groups who attack Coalition and Iraq forces remains a significant impediment to progress towards stabilization. The Iranian Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) provides many of the explosives and ammunition used by these groups, to include Jaysh al-Mahdi (JAM). Although Sadr's late August 2007 freeze on JAM activity is still in effect, some elements continue to attack Coalition forces with Iranian weapons. The GoI and the U.S. Ambassador to Iraq have

made it clear to the Iranian Government that IRGC-QF's lethal activities must cease.

Syrian Influence

Terrorists, foreign fighters, and former Iraqi regime elements continue to find sanctuary, border transit opportunities and logistical support in Syria. Syria is estimated to be the entry point for 90% of all foreign terrorists known in Iraq. Recent efforts by the Syrian Government to stem the flow of foreign terrorists and suicide bombers inside of Syria may have had some effect in decreasing the flow of extremists into Iraq. The Syrian Government participates in the Neighbors Process framework, having hosted both the inaugural Border Security Working group in August 2007 and the follow-up Border Security Working group in November 2007. While these are positive diplomatic steps, it is not clear that Syria has made a strategic decision to persistently and comprehensively deal with foreign terrorists. The Syrian Government must take additional measures to further reduce the flow of foreign terrorists transiting Syria into Iraq.

Tensions on the Border with Turkey

Turkey's primary concerns regarding Iraq continue to be terrorism conducted by the Kurdistan Peoples Congress (KGK, formerly Kurdistan Worker's Party (PKK)) from camps in northern Iraq, increased autonomy for the Kurdistan Regional Government from the central Iraqi Government and the final status of the oil rich city of Kirkuk. After the election of President Gul in Turkey and Prime Minister Maliki's visit to Turkey, these governments signed a counter-terrorism cooperation agreement establishing a bilateral, interagency security commission to work towards curbing the actions of terrorist organizations, including the KGK and al Qaeda.

On October 7, 2007, the KGK was involved in attacks that killed at least 13 Turkish soldiers in Turkey's Sirnak Province near the Iraqi border. On October 17, 2007, the Turkish Parliament approved a one-year authorization for cross-border military operations against KGK targets in Iraq. Turkish Prime Minister Erdogan has stated that he hopes not to engage in cross-border incursions. KRG officials have stepped up efforts to restrict KGK freedom of movement and operations in northern Iraq. Prime Minister Maliki has publicly stated that the KGK is a terrorist organization and it will not be tolerated in Iraqi territory. He also directed the offices of the KGK be closed. This announcement followed talks in Baghdad between Turkish Foreign Minister Babacan and members of the GoI. Foreign Minister Babacan stressed that Turkey wants to deal with the Kurdish separatists' cross-border attacks through diplomatic means. The U.S. Government has committed to working with the Government of Turkey (GoT) to deal with KGK terrorism. Following his meeting with President Bush in Washington on November 5, 2007, Prime Minister Erdogan stated publicly that the GoT views this as important to helping stabilize northern Iraq.

Neighbors Conferences

Turkey hosted the second Expanded Neighbors of Iraq Ministerial in Istanbul on November 2-3, 2007. Attendees included representatives from all of Iraq's neighbors, as well as from Egypt and Bahrain, the P5 members of the UN Security Council, the G8, the European Union, the Organization of the Islamic Conference, the Arab League and the UN. The UN Secretary General reiterated his support for Iraq and asked the international community to help the Iraqi people in and outside of Iraq. Participants acknowledged the importance of the International Compact with Iraq (ICI), welcomed the new Special

Representative of the UN Secretary General, supported the expanded mandate for the UN Assistance Mission in Iraq (UNAMI), pledged assistance for displaced persons, supported Iraq's unity and sovereignty and urged the opening of diplomatic missions in Iraq. The Conference concluded with a commitment to establish a temporary office in Baghdad in support of the Neighbors Process. The final statement of the Ministerial called for Iraq to not be used as a base for terrorism, for all parties to prevent smuggling operations and for convening the next sessions of the working groups established on refugees, energy and border security. Kuwait agreed to host the next Ministerial in early 2008.

International Compact with Iraq

Since the last report, Iraq has made progress in implementing some of the economic initiatives in the ICI. The ICI is the key international document that sets forth Iraqi commitments, pledges on economic, commercial and internal reforms, and seeks support from the private and public sectors of neighboring countries and the international community. The European Commission is funding a UN-administered contract to provide experts and consultants to assist with setting up and supporting the ICI Secretariat, which has a key role to play in implementing the ICI. UNAMI, the World Bank, the U.S., the U.K. and Italy are also providing advisors to the ICI Secretariat. The Secretariat will produce a progress report on the status of ICI reforms in early 2008.

Conclusion

Capitalizing on recent security gains, bottom-up reconciliation has made significant advances. Local leaders, both Sunni and Shi'a, are working with Coalition forces, including PRTs and the GoI to improve security and economic conditions in their areas. However, top-down political progress,

such as passage of key legislation and relief for the judicial system, must be achieved. National issues such as corruption and transnational issues such as financing of terrorist criminal activity must be eliminated in order to further the Government of Iraq.

Although security gains, local accommodations and progress against the flow of foreign fighters and lethal aid into Iraq have had a substantial effect, more needs to be done to foster national, “top-down” reconciliation to sustain these gains.

1.2 Economic Activity

Several positive economic indicators emerged during this reporting period, most notably improvements in budget execution at both the ministerial and provincial levels, continued progress on the development of the 2008 budget and continued price stabilization. In addition, electrical generation, oil production and oil exports increased. Oil production expanded during this period to just under 2.3 million barrels per day and oil exports—which generate almost all of the government’s revenue—increased to over 1.8 million barrels per day at US\$78 per barrel during October, significantly above the 2007 average. Through August 2007, initial reports indicate that capital budget execution is occurring at nearly double the rate it was in 2006. However, limits on capacity at both the ministerial and provincial levels will likely prevent the GoI from fully executing its capital budget. In addition, weak institutions, a poor business climate, limited access to capital, lack of essential services, poor technical skills and security issues remain obstacles to private sector-led growth. Amidst these problems, the GoI will have to accelerate its economic reform programs in order to build a strong private sector capable of attracting more foreign investment and supporting long-term self-sustaining economic growth and stability.

Budget Execution

To support continued economic growth and improve delivery of services, the GoI needs to make significant investment in its infrastructure with particular focus on the oil and electricity sectors. The GoI’s increased focus on budget execution has produced higher levels of actual capital spending this year than in 2006. The Ministry of Oil (MoO) is a good example. Although it spent only US\$90 million or 3% of its US\$3.5 billion capital budget in 2006, it reportedly spent US\$727 million or 36% of its US\$2.4

billion capital budget as of November 1, 2007. Overall, GoI ministries have executed 36% of their capital budgets as of November 1, 2007 compared with a third of that percentage as of the same date in 2006. The lack of capacity in contracting, the lack of trained budget personnel, concern about corruption and numerous other systemic structural impediments hamper faster execution. The U.S. Government is assisting with these problems through a variety of advisory efforts, including Procurement Assistance Centers, training activities, and capacity development programs.⁴ PRTs, the U.S. Agency for International Development (USAID) and the Department of the Treasury provide a more focused capacity building effort at the provincial level. Most provinces are now making significant progress in committing their 2007 capital budgets, having committed 64% as of early November 2007, and will increase significantly by the end of the year, as compared to 49% during all of 2006. Moreover, they spent 80%, or \$1.5 billion, of their 2006 budgets this year, as they did not disburse any of their funding in 2006 even though they had committed as much as 50% of these funds to projects.

GoI efforts to develop the 2008 budget are ahead of the 2007 budget formulation process. However, minor political disagreements complicated timely passage of the 2008 budget bill, which had its second reading on December 5, 2007. Passage is likely to occur early next year after the CoR comes back in session. Should passage occur in January, the effect on budget execution should be minimal. This US\$48.4 billion budget for 2008 includes US\$9 billion for security and US\$13.2 billion for capital investment, which are increases of 23% and 31%, respectively, over the 2007 budget. The GoI appears to be striking the right balance between security and capital investment.

IMF Stand-By Arrangement and Debt Relief

The International Monetary Fund (IMF) extended Iraq's Stand-By Arrangement (SBA) to December 2007 during a review in August 2007. Iraq has negotiated a new IMF program for 2008, which the Board will consider on December 19, 2007. The GoI has remained in compliance with the SBA, and as a result, most members of the Paris Club except Russia have granted Iraq the first two tranches of relief totaling 60% of debt. Iraq must maintain continued satisfactory performance under an upper credit tranche IMF program to qualify for relief from the final 20% tranche of debt to reach the pledge total of 80% by the end of 2008, valued at \$30 billion (excluding debt to Russia).

Some non-Paris Club creditors have also reduced their Iraqi debt and in a few cases eliminated it. Notably, in November 2007, Bulgaria announced that it had signed an agreement to provide Paris Club-comparable debt relief to Iraq. With a claim of US\$3.5 billion, Bulgaria is the largest non-Paris Club creditor to conclude an agreement with Iraq. There has been little progress with Saudi Arabia and other Gulf countries, Iraq's largest outstanding creditors. Debt negotiations between Iraq and Saudi Arabia broke down at the end of September 2007.

Indicators of Economic Activity

Economic Growth

The Iraqi economy is projected to grow 6.3% in 2007 with an estimated nominal gross domestic product (GDP) of US\$60.9 billion. Much of the growth resulted from increases in the value of oil exports and growth in the services sector, mostly from government activities in areas such as security, education and healthcare. Agriculture and manufacturing continue to lag and will require significant investment, which in turn will require an improved security and investment climate.

Inflation

Year-on-year inflation as of October 2007 was 20.4% compared to 52.8% in October 2006 and 26.2% in October 2005. Year-to-date inflation as of October 2007 is 4.2%, compared to year-to-date inflation through October 2006 of 42.7% and 22.9% in 2005. Year-on-year core inflation (inflation excluding fuel and transportation) was 16.2% through October 2007, compared with 32% in October 2006 and 29.5% in October 2005. Year-to-date core inflation is 1.4% through October 2007, compared with 24.7% in October 2006. This overall reduction in inflation is largely due to the Central Bank of Iraq's restrictive monetary policy, driven by continued appreciation of the Iraqi dinar from 1,475 dinars per U.S. dollar in late 2006 to 1,218 dinars per U.S. dollar currently.

Unemployment

Unemployment and underemployment remain major challenges. The Iraqi Government's Central Statistical Organization official estimate of unemployment and underemployment remains at 17.6% and 38.1%, respectively. Attempts to measure unemployment by other means at the provincial levels suggest that the rate could be much higher for some provinces. The key to resolving long-term employment issues in Iraq is private sector investment, but this requires a secure positive legal environment, access to capital and access to markets. U.S.-sponsored efforts have made some progress in providing better access to capital; however, progress is limited in the other two areas.

In October 2007, the Prime Minister approved a nationwide US\$540 million small and medium loan program administered by the Ministry of Labor and Social Affairs and Ministry of Industry and Minerals to help reduce poverty, promote small business development, address high unemployment rates and stabilize the provinces. The Baghdad pilot program has granted over

4,600 subsidized bank loans valued at more than US\$34 million and is estimated to have created 23,000 jobs. In addition, the U.S.-funded *Izdihar* loan program has granted over 16,000 loans nationwide averaging US\$2,200 each for a total of more than US\$38 million.

The USAID Community Stabilization Program has expanded into Diyala Province and has increased its capacity in Baghdad and Anbar Province. As of October 2007, the program has created 72,000 jobs since its inception. In addition, U.S.-funded projects executed by the U.S. Army Corps of Engineers employ an additional 34,000 Iraqis. As U.S. funding for these programs declines, these employment figures will drop if the programs are not transitioned to the GoI. The U.S. Government is engaging the GoI to fund transitional employment programs until the private sector has time to mature and offer alternative employment.

The U.S. Department of Defense (DoD) Task Force to Improve Business and Stability Operations-Iraq (TF-BSO) continues to assist with business and economic development in Iraq. To date, TF-BSO efforts have resulted in the restart of 17 factories and have restored sustained employment to over 5,000 Iraqis. Working with the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A), the TF-BSO has developed and deployed contracting processes and systems that enable JCC-I/A to direct an average of over US\$200 million per month in regional DoD spending to over 5,000 private Iraqi businesses. The Procurement Assistance Center (PAC) consults with Iraqi government employees to establish transparent and effective accounting, contracting and budget execution processes. The PAC is now guiding several high-profile, complex GoI procurements, including airliners, state-owned enterprise privatizations, educational facilities and pharmaceuticals, and is helping to create

standard bidding documents for the MoO. The TF-BSO has also established a team dedicated to developing and expanding electronic financial and banking systems. This team works in close partnership with the Departments of State and Treasury and is assisting with the Iraqi transition from cash-based financial transactions to modern electronic financial transactions.

Oil Infrastructure Integrity

Crude oil production during September through November 2007 averaged 2.28 million barrels per day (mmbbl/d) compared with 2.24 mmbbl/d during the same period in 2006. During the month of November 2007, crude oil exports increased to 1.99 mmbbl/d from about 1.57 mmbbl/d in October 2006, slightly higher than the GoI's goal of 1.7 mmbbl/d. Numerous pipeline interdictions restricted crude exports through Turkey for the early part of this year. However, northern exports have been increasingly regular since late August 2007 due in part to increased security along the pipeline, more capable pipeline repair efforts and added redundancy in the pipeline system resulting from long-term construction and repair efforts. For example, the Kirkuk to Bayji crude and Iraq to Turkey export pipelines were operational for 70 days between August and October, compared to seven operational days during the same period in 2006. U.S.-funded infrastructure hardening projects and negotiations with tribal leaders are underway, which will secure the Bayji Oil Refinery, supporting infrastructure and crude oil pipeline exclusion zones.

Higher oil prices are expected to compensate for the temporarily plateaued production levels, resulting in actual government budget revenues exceeding planned revenue targets for the year. Corruption at all levels in the oil industry remains a significant problem. Iraq continues to suffer shortages of refined

product because of scarce refining capacity, inadequate security for distribution pipelines and trucks, and under-funding of imports. The MoO has increased domestic production capacity and importation since August 2007, but supplies in northern and central Iraq remain low.

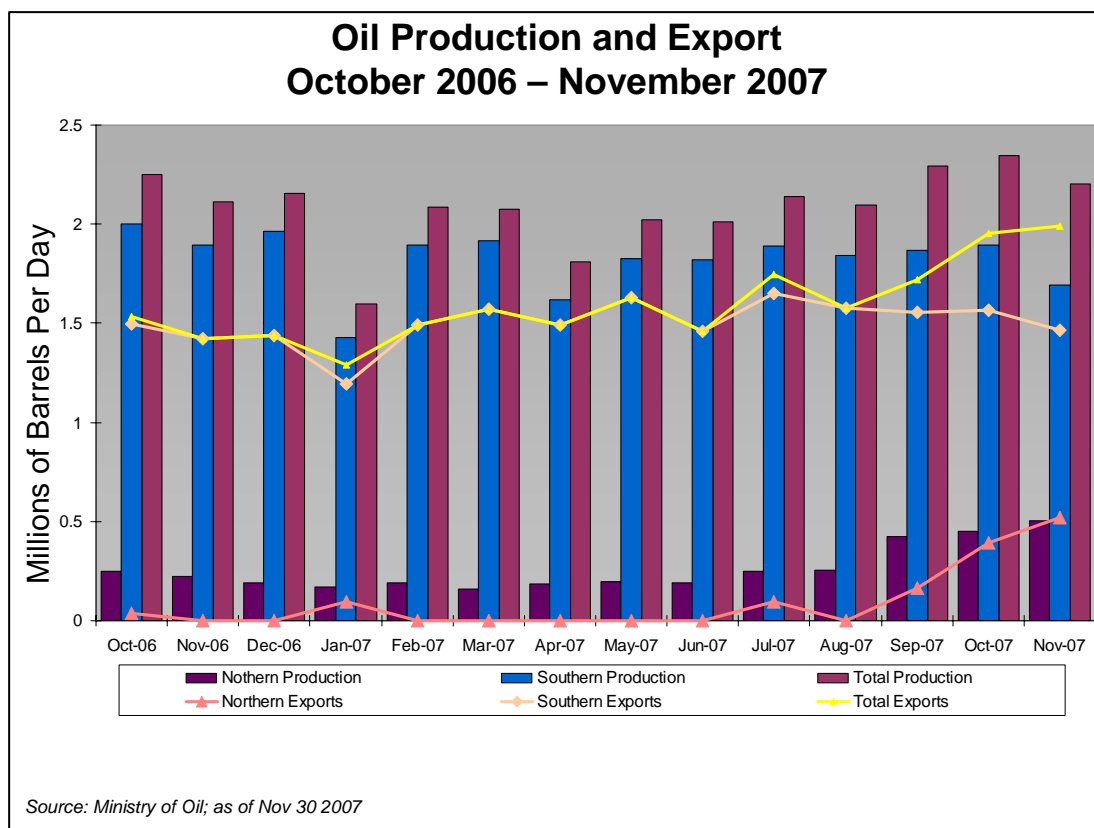
Essential Services

Improving the availability of basic services such as electricity, water and healthcare to all Iraqis could help improve the public's confidence in the government. During this reporting period, the GoI's improvements in budget execution have translated into minimal advances in the delivery of essential services to the people of Iraq, mainly due to sectarian bias in targeting and execution of remedial programs. With the U.S. Government's 2004 Iraq Relief and Reconstruction fund limited to deobligated funds authorized for reobligation and with significantly reduced appropriations for other

reconstruction funding sources in 2008, Iraq will now be required to fund most future reconstruction projects.

Electricity Infrastructure Integrity

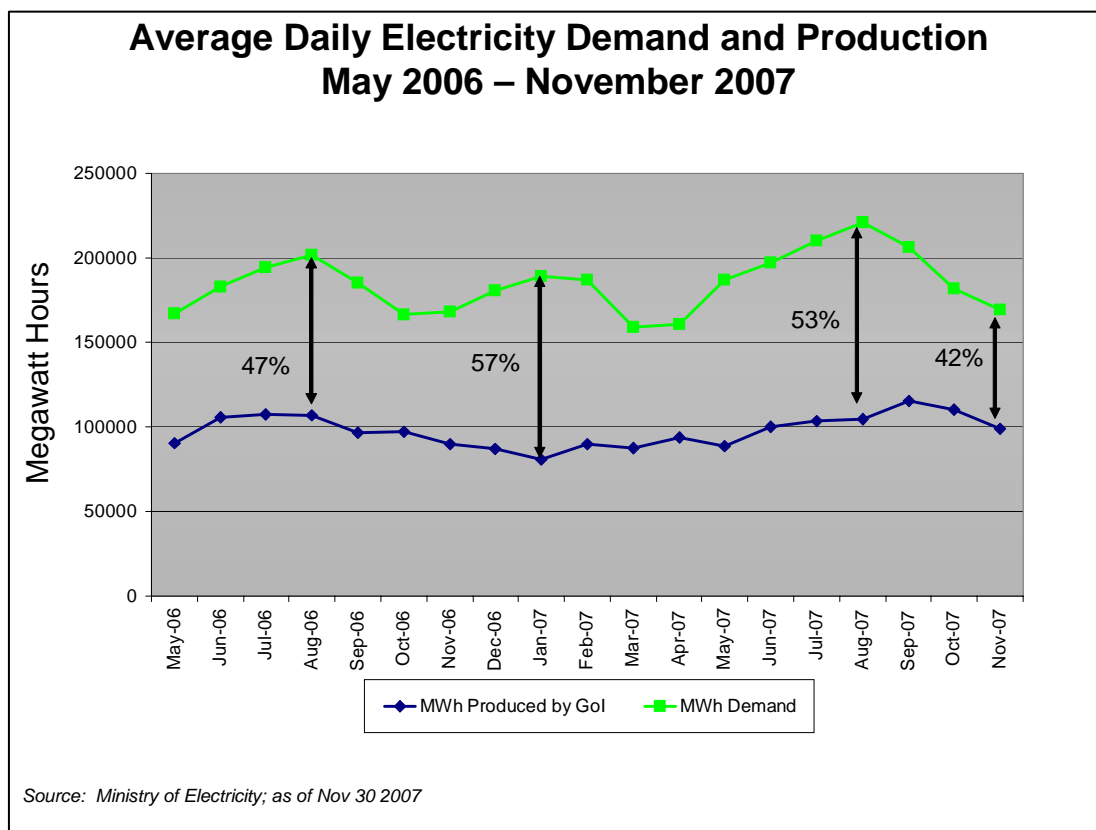
State-provided electricity output for September through November 2007 averaged 107,581 megawatt hours (MWh), a 14% increase over production rates for the same period in 2006.⁵ Increased electricity delivery can be attributed to several factors, including the 15 new and six rehabilitated power generation units that have come on-line since September 15, 2007. If completed as scheduled over the next two years, these rehabilitation programs will add approximately 3,300 megawatts (MW) of capacity. During this reporting period, about 900 MW became available; 2,400 MW are expected to come on-line in 2008. Fuel shortages and system maintenance, however, may reduce actual increases in electricity production. Average daily production of electricity



decreased slightly in October and November due to planned generator maintenance; however, as demand for electricity decreased for the same period, the shortfall in electricity production has dropped to a total of 42% of total demand from 53% in August 2007. The postwar electricity production record for one day (123,000 MWh) was broken on October 12, 2007 with the production of 125,000 MWh. Despite these gains, supply consistently fell short of demand. Government produced electricity averaged 15.1 hours per day over the reporting period (September–November 2007) and 15.4 hours per day during November, the last full month for which data are available. The quarterly average exceeded the target goal of 12 hours of power per day nationwide. Baghdad, however, averaged only 11.5 hours of power per day this quarter and 12.7 hours per day during November, with some households receiving less than average amounts of power due to disparities in access among various

neighborhoods. To assist in meeting demand, at least 2,000 MW are provided off-grid by private owners of small generators, leaving 20-30% or more of demand unfulfilled during peak periods.

During this quarter, a Chinese company, Shanghai Electric was awarded a US\$750 million contract for the construction of one of the largest thermal power generation stations in Iraq, rated at 1,320 MW. The project is expected to take in excess of five years to construct the required supporting infrastructure before the power plant can be brought on-line. Additionally, construction has been restarted on another power plant southwest of Baghdad at Yusufiyah after being abandoned in the late 1990s under the previous regime. If construction is completed on schedule, the plant's 1,210 MW capacity should be online by 2010. SANIR Company, a subsidiary of Iran's Energy Ministry, has been contracted to construct a small power plant and small



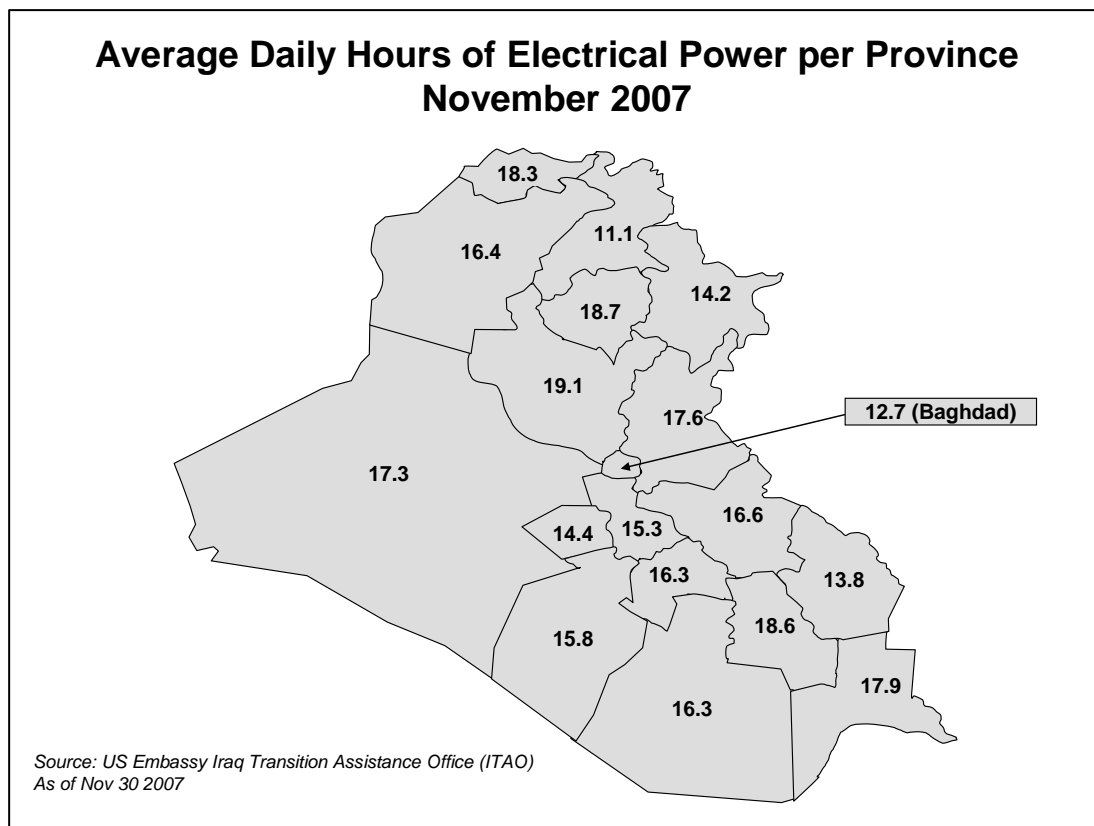
refinery in Sadr City, a suburb of Baghdad. While the power station details are still unclear, this project was originally an Iranian initiative. Previously, the Ministry of Electricity (MoE) showed little interest in this project. Meanwhile, Iran has offered to help provide electric power service and currently exports an average of 90-125 MW to Diyala Province.

Water and Sewer

As of November 2007, Iraq Relief and Reconstruction Fund (IRRF) - funded projects have added or restored 2.0 million cubic meters per day of potable water treatment capacity, sufficient to serve about 6.7 million Iraqis. The goal for U.S.-funded projects remains to add or restore 2.37 million cubic meters per day of treatment capacity to produce potable water, sufficient to serve 8.4 million Iraqis, provided that water delivery means such as pipes and pumps are also put into place.

Work continues on water sector projects. The Nassariya water supply project was completed and turned over to the Ministry of Municipalities and Public Works (MMPW) on September 12, 2007. At the time of the turnover, the plant was operating at 20% capacity for one shift per day (about 6% of total capacity) due to lack of permanent power and insufficient numbers of trained operators. The U.S. Government will continue to provide technical guidance and training to MMPW personnel under the Water Sector Sustainment Program until December 2007 to ensure the personnel are capable of operating and maintaining the system on their own.

The Mosul Dam was built on an unstable rock foundation that is continuously dissolving, resulting in the formation of cavities and voids below the dam's foundation that could cause catastrophic failure. In a worst-case scenario, significant



flooding would begin to occur in Mosul within three hours; maximum water depth would be reached within eight hours and flooding along the Tigris could affect Baghdad 200 miles downstream within three days. However, there has been no assessment on the potential loss of life. The Ministry of Water and Resources (MoWR) has been pursuing a continuous grouting program since the dam's completion in 1984.

The U.S. Government has expressed concern to the GoI regarding the safety of the Mosul Dam and the consequences of dam failure and has urged actions that could mitigate the risk. These include lowering normal reservoir levels; continuing dam grouting operations; developing a dam-break warning, evacuation, response and recovery plan; and developing more-permanent solutions. The GoI has reduced the reservoir levels and is in the process of implementing an enhanced grouting program. The U.S. Embassy has funded a project executed by the U.S. Army Corp of Engineers (USACE) to provide equipment, material and training to Iraqis for the enhanced grouting program but the actual grouting operations are the responsibility of the GoI.⁶ The USACE has also strongly recommended that the GoI complete the Badush Dam, which is about ten miles downstream, as a vital safety backstop in the event of a Mosul Dam failure. Embassy advisors are working with the MoWR on the recommendations, but the responsibility for long-term solutions ultimately lies with the GoI, which is also obtaining alternative advice from other experts.

Healthcare

The United States completed construction of 85 of 142 planned Primary Healthcare Centers (PHCs), an increase of 16 since the last report. Thirty-nine of the 85 have been turned over to the Ministry of Health (MoH) and are currently open to the public. In

Baghdad, 21 of 30 planned PHCs have been turned over to the MoH. Of these, 12 are open to the public with the remaining nine at various stages of construction. A number of PHCs have not opened to the public due to a shortage of trained medical staff and problems within the MoH including a sectarian agenda that determined which PHCs would open. The PHC program is expected to be complete by May 2008 and the remaining IRRF-funded hospital rehabilitation projects are scheduled for completion by April 2008.

Food and Agriculture

An efficient and productive agricultural sector is critical to economic, political and social stability in Iraq. In Iraq, agriculture accounts for about 10% of GDP while providing jobs for about 25% of the population. The Iraqi National Markets and Agribusiness (INMA) program, a major USAID project launched in June 2007, is stimulating the growth and development of private agribusinesses in three major areas: tree crops including date palms, horticultural crops and livestock. Improvements and introductions of technology never before available in Iraq, new marketing systems and new linkages with producers will provide a flow of products to Iraqi consumers, as well as a foundation for sustainable agribusinesses and an expanded market for Iraqi farmers.

Seed treatment has begun for wheat, barley, and darnel while irrigation work continues for maize. Crops such as canola, sugar beets, lentils and winter vegetables are being seeded. Harvesting has begun for olives, sesame, cotton, and rice. Iraq is counting on the domestic rice harvest to add an additional 10% or more to Iraq's overall rice supply. Revival of the cattle industry is moving forward. This will create jobs for Iraqis, increase the local production of milk and beef and provide milk protein to the PDS food basket.

Conclusion

Despite various challenges, the Iraqi economy continues to grow, and there are measurable signs of economic progress. Although oil production remains generally constant, the economy is benefiting from higher world prices and resumption of regular exports from the North. Electricity generation peaked in October and production is

is expected to increase further in 2008. Ministerial and provincial budget execution is improving, and the 2008 budget process is on schedule. To capitalize on these gains the GoI will need to continue to make progress by implementing economic reforms to diversify the economy and sustain long-term growth.

1.3 Security Environment

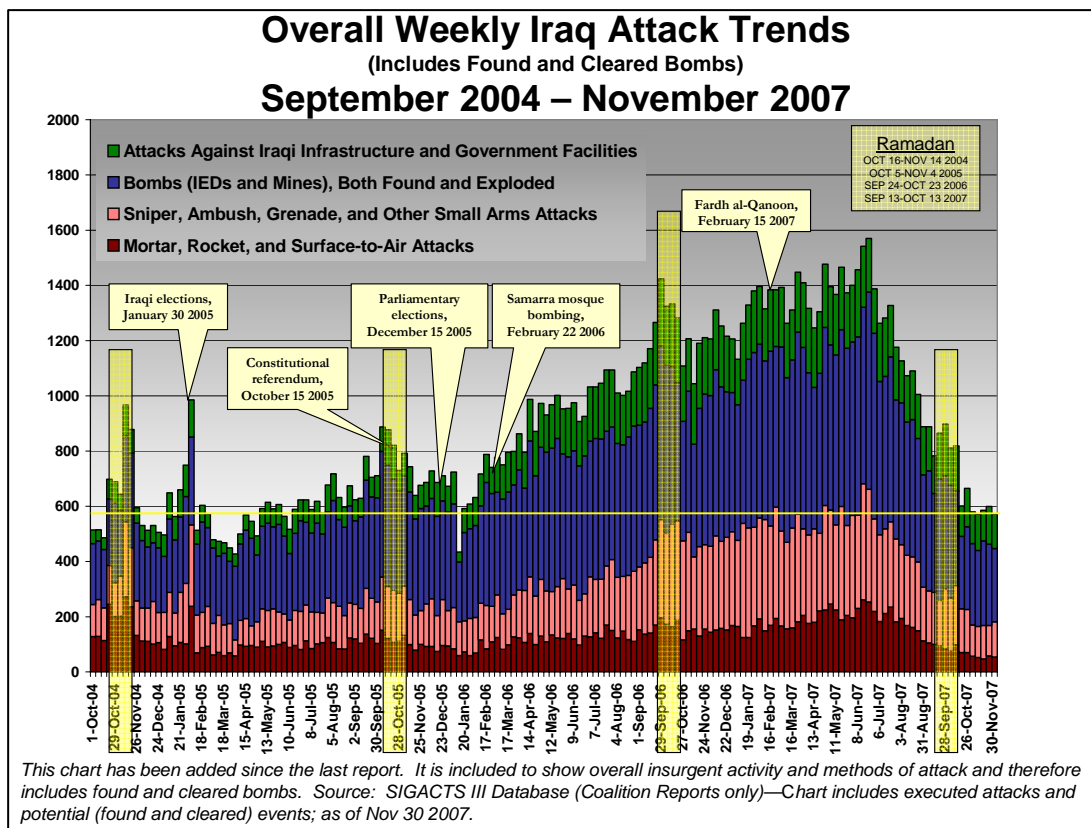
The increase in U.S. and Iraqi force levels and the emphasis on population security, along with several other developments, have improved the security environment during the past quarter and are creating the conditions for establishing momentum towards sustainable stability. Overall attacks for the past seven weeks have fallen to levels seen in January 2006—the last month before weekly attacks began a 17-month upward trend that peaked in June 2007. The last period during which attacks were consistently at this level was the summer of 2005. Overall civilian deaths, to include those associated with hostile actions, followed a similar trend both Iraq-wide and in the Baghdad security districts.

The overall reduction in attacks is a result of increased Coalition and Iraq force levels in support of operation *Fardh al-Qanoon*, pervasive pressure on AQI and militia

extremists and their sanctuaries, the Sadr ceasefire, the shift from previously mixed sectarian communities into more homogeneous neighborhoods in parts of Baghdad, growth in local security volunteer initiatives, increased capability of the Iraqi forces, and sustained presence of Coalition and Iraqi forces among the population. Coordinated operations pushed AQI from strongholds within the capital, disrupted its supply networks in the area around Baghdad, and established a presence among the population that greatly enhances the effectiveness of security operations.

Overall Assessment of the Security Environment

In many parts of Iraq, the reopening of schools, clinics, markets and improvements in essential services all suggest improvements resulting from hard-fought security gains. These improvements coincide with the growing willingness of Sunni and Shi'a tribal

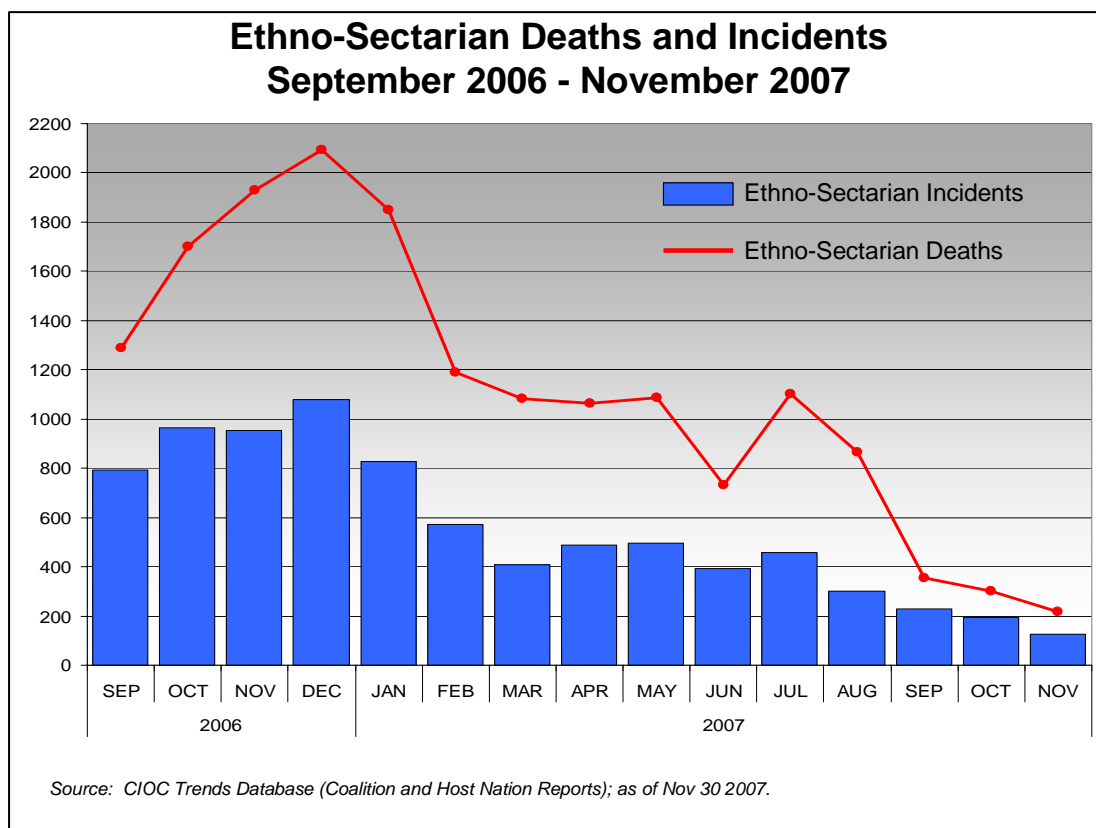


leaders to cooperate with efforts to stabilize Iraq. Efforts to enhance population security, such as the establishment of Joint Security Stations in key areas to maintain a persistent presence, enhance Coalition and Iraqi forces' ability to interact with local residents and obtain information on insurgents and illegal militia activity.

The growing support of the local population resulted in the establishment of the Concerned Local Citizen (CLC) program in which a growing number of local citizens take part in the protection of their neighborhoods.⁷ Some CLC groups form neighborhood watches, while others have been placed under U.S.-funded contracts to protect critical infrastructure. Some of the participants are reviewed for hiring by the Ministry of Interior (MoI). About 69,000 individuals are participating as members of the CLC program; approximately 80% are Sunni and 20% are Shi'a. Members of CLC groups have chosen

to protect their neighborhoods and many are from former insurgent and other illegally armed groups. They have been persuaded to fight against extremists under Coalition force supervision. The GoI has issued an order to the Iraqi Army and police forces requiring cooperation with CLCs. The CLC program is proving crucial to the counterinsurgency effort but the slow pace of integrating the CLC members into GoI institutions, lack of alternative employment and fears by the Maliki government that these forces may return to violence or form new militias are of concern. The CLCs will require continued assistance from Coalition forces until the GoI assumes full responsibility for the program.

Shi'a extremist and criminal activities have become growing threats to security and stability as the role of insurgents and AQI wanes. The conflicts among communal groups for political power and resources continue, though AQI's ability to exacerbate

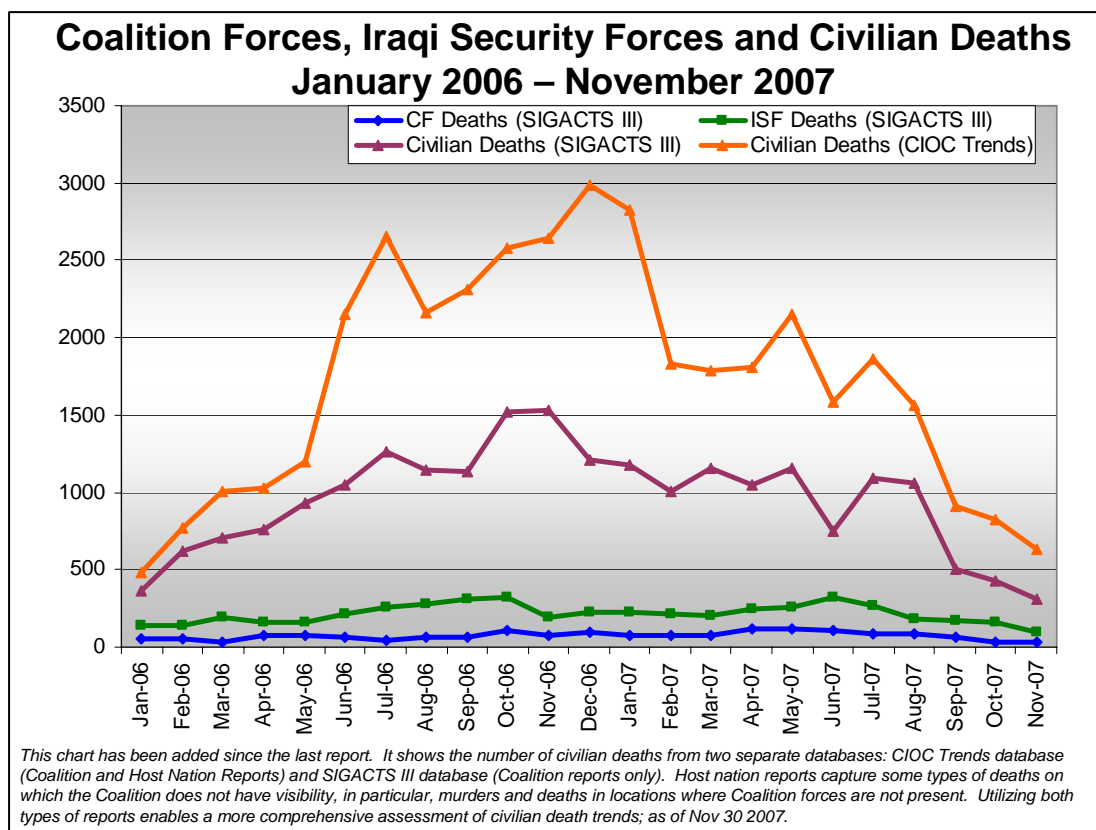


these tensions with high profile attacks—while still a serious threat—has been degraded. Foreign malign influence continues to affect the security situation in Iraq. Foreign terrorists and suicide bombers still enter Iraq through Syria, albeit at a significantly reduced rate likely owing in part to increasing internal security efforts by the Syrians. Iranian Islamic Revolutionary Guard Corps - Qods Force (IRGC-QF) efforts to train, equip, and fund Shi'a extremists also continue despite reported assurances to Prime Minister Maliki that Iran will cease lethal aid. Unequal adherence to Muqtada al-Sadr's call for a Jaysh al-Mahdi (JAM) forces ceasefire has resulted in schisms within the Office of Martyr Sadr and JAM, particularly among JAM special groups, but has also opened the door for increased engagement with the Shi'a community.

Overall Trends and Violence

The downward trend in civilian deaths across

Iraq has continued since December 2006. Although there have been periodic high-profile car bombings, they have failed to disrupt the overall trend. The more striking trend is the reduction in ethno-sectarian incidents and deaths. Both measures of ethno-sectarian violence have fallen below one-fifth of the levels of a year ago—and are now mostly limited to the mixed Sunni-Shi'a areas of west Baghdad and Rusafa. Earlier practices in which the community targeted by a car bomb retaliated, with a resulting increase in ethno-sectarian killings, have become less common over the past few months. This is in part attributable to the call for restraint by community leaders and by security measures such as the Joint Security Stations, checkpoints and “gated communities,” which promote better population security. The overall decrease in violence, high-profile attacks, murders and executions continued during the Islamic holy month of Ramadan, historically a time of



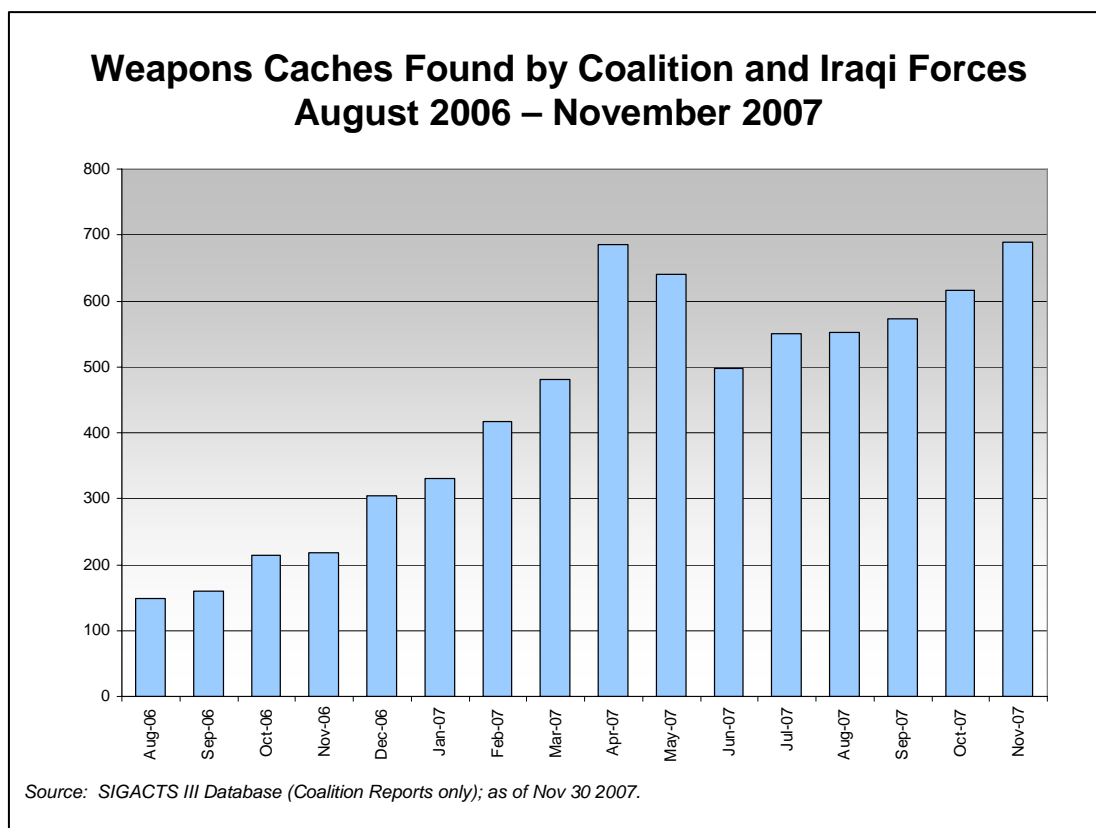
increased attacks of all types.

The geographical concentration of attacks continues to shift as Coalition and Iraqi forces keep pressure on AQI and extremists, driving AQI further east and north as it searches for more secure operating areas and confronts local extremist groups that previously controlled those areas. As a result, high-profile attacks have increased slightly in Ninewa Province, while they have fallen off in Anbar and Baghdad. Specifically, improvised explosive device (IED) attacks in Anbar Province have dropped 91% from January 2007 to November 2007, while attacks in the ten Baghdad security districts declined 67% for the same period.

Despite these gains, AQI retains the capability to conduct spectacular and highly lethal terrorist attacks in parts of central and northern Iraq. This helps explain the rise in car bomb attacks in July 2007 that temporarily

disrupted an overall downward trend from February through November 2007. AQI has also shifted to a murder and intimidation campaign directed at its former Sunni allies in an attempt to counter the growing anti-AQI tribal movement. This strategy has not been productive, however, and the tribal movement continues to spread beyond western Iraq to other provinces such as Salah ad Din and Diyala, where the CLC program has been important in reducing AQI's capabilities.

Between February 1 and November 16, 2007, over 3,600 AQI members were killed or captured. This number includes the loss of 233 key AQI leaders—54 Emirs or upper tier leaders, 38 foreign terrorist and logistical network facilitators, 24 couriers and logistical leaders and 35 military Emirs and vehicle-borne improvised explosive device (VBIED) cell leaders. These losses have helped to significantly degrade AQI's leadership cadre and the effectiveness of insurgent operations.



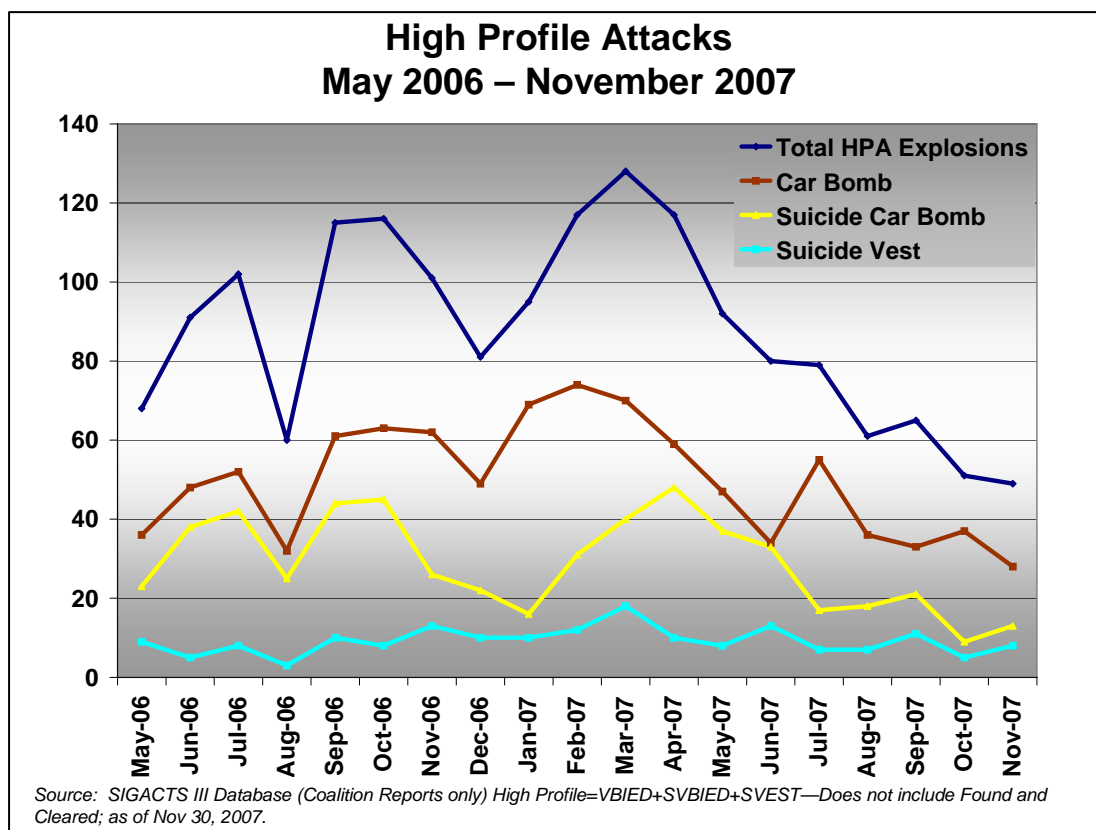
Although the majority of JAM elements in Baghdad appear to have complied with Sadr's late August order to halt attacks, many members of the militia, to include Iranian-supported JAM special groups, continue to violate this order. Attacks with explosively formed penetrator (EFP) IEDs—a trademark weapon of JAM special groups—continued at significant levels during the ceasefire, although EFP attacks during this reporting period are about two-thirds of the levels seen during the previous six months. Anti-Coalition violence decreased in Basrah as British forces repositioned to bases outside the city, but violence against Iraqi forces and civilians in the province remains a concern. Prime Minister Maliki established the Basrah Operational Command to control all Iraqi forces in Basrah Province.

As a result of the overall reduction in the number and effectiveness of attacks, Coalition deaths across Iraq fell to about one-fourth of the

high reached in May 2007. The number of attacks against Iraqi forces also decreased, with a slightly smaller proportionate reduction in deaths. During the reporting period, Coalition and Iraqi forces found and cleared nearly 140 weapons caches per week, well above pre-surge levels. By the end of October, Coalition forces had found and cleared over twice the number of caches found in all of 2006.

IEDs and VBIED/SVBIEDs/SVESTs

The reduction in IED incidents in Baghdad and the surrounding areas continued during this quarter. Weekly IED incidents have fallen 68% since the start of Operation of Phantom Thunder in late June 2007. Although this downward trend slowed during Ramadan, total weekly attacks during Ramadan were well below 2006 levels and approximated those seen in 2005. Weekly IED casualties over the last three weeks of November 2007 reached levels last seen in January 2006. This drop in IED incidents



may be attributed to the disruption of insurgent networks that has hindered their operational capability. The number of IEDs found and cleared remained consistently high as CLCs and civilians, who are more trusting of Iraqi Government forces, continued to provide tips on IED locations and caches. While IEDs remain the primary cause of Coalition force casualties, the number of Coalition deaths from IED incidents fell to its lowest level since January 2006.

The number of high-profile attacks in Iraq declined by 62% since March 2007 as a result of constant pressure on AQI across Iraq from Coalition and Iraqi operations. Relentless pursuit of AQI VBIED cells and tips from CLCs are important drivers of these reductions. Despite a surge in high-profile attacks during Ramadan, the number of weekly high-profile attacks remained below levels prior to the start of the surge. With aggressive operations by Coalition and Iraqi forces targeting VBIED and suicide VBIED (SVBIED) networks, the effectiveness of VBIED and SVBIED attacks also declined and casualties have decreased correspondingly. The drop in effectiveness is likely linked to neutralization of networks and the death or detention of experienced facilitators. The focus of attacks has also shifted from targeting groups of civilians to targeting specific leaders. AQI cells remain able to conduct high profile attacks across Iraq despite a significant decrease in their effectiveness during this quarter.

Explosively Formed Penetrators (EFPs)

EFP incidents remain well below the peak levels of July 2007. Effectiveness of these attacks, as measured by casualties, has also decreased. This reduction may be attributed to effective interdiction of EFP networks, death or capture of EFP facilitators, seizure of caches and other factors. Most EFP attacks since September 2007 were of the type most

associated with the Iranian-supported JAM special groups that have demonstrated clear disregard of Sadr's cease-fire directive.

Civilian Casualties

Civilian casualties have declined since September 2007 and are below the February 2006 pre-Samarra Mosque bombing levels. Successful Coalition operations and the increasing opposition by local populations to AQI have reduced AQI support zones in Baghdad, the Baghdad belts and Anbar Province, and have forced AQI to operate away from population centers and reduced its ability to execute high-profile mass casualty events. In addition, AQI has shifted its focus from attacking Coalition forces to focusing on Iraqi forces, CLCs and tribal movement members. Their increased targeting of reconciliation group leaders who openly work against AQI or support Coalition efforts illustrate the growing importance of these groups as a threat to AQI's freedom of movement and activities.

Assessment of the Security Environment—Baghdad

Although attacks in Baghdad continue, the security situation has improved. Sadr's late August order to cease JAM violence and the continued degradation of AQI's VBIED networks contributed to the reduction of violence. This was highlighted by the significant reduction of high-profile attacks in Baghdad this period. The increasingly effective Iraqi forces partnering with Coalition forces at the Joint Security Stations and Combat Outposts and the physical security measures, also contributed to the reduction in violence. While AQI elements retained the capability to assemble, transport and emplace VBIEDs and SVBIEDs inside Baghdad, the effectiveness of these operations has been degraded as a result of the cumulative effects of Coalition and Iraqi security measures, coupled with the

elimination of experienced VBIED facilitators and a reduction in AQI's freedom of movement due to the efforts of CLC groups and the elimination of long-held sanctuary areas in the Baghdad belts.

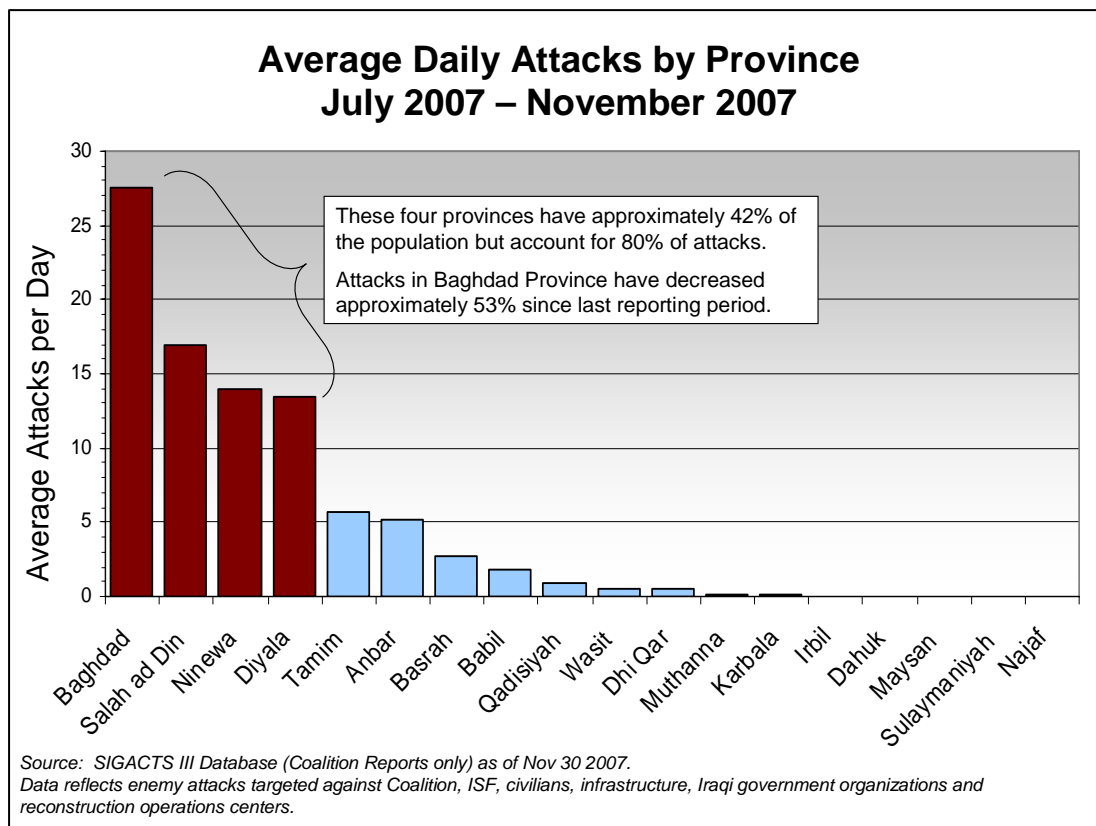
Assessment of the Security Environment— Western Iraq

Anbar Province continues to show dramatic improvements in security. A year ago, Anbar was the most violent province in Iraq accounting for more than 25% of all attacks throughout the country; this quarter, Anbar accounts for less than 6% of all attacks. Despite AQI's assassination of Sheikh Abd al Sattar Biziah Fitikhan al Rishawi (Sheikh Sattar) on the first day of Ramadan, his tribal movement, *Sahawa al Iraq* (SAI), continued its opposition to AQI. Sheikh Ahmad Biziah Fitikhan al Rishawi (Sheikh Ahmad), Sheikh Sattar's brother, was elected as the new leader of SAI shortly after the assassination. AQI intended to intimidate the SAI

movements by targeting key leaders and reasserting its influence on the Sunni population of Anbar; instead, these attacks emboldened tribal leaders to oppose AQI. Attacks in Anbar remained at record low levels throughout November. Under the leadership of Sheikh Ahmad, SAI is demonstrating its ability to affect multiple levels of government in Anbar, including influencing the appointment of key officials such as the governor and the provincial chief of police. Sheikh Ahmad has also reached out to prominent Shi'a figures in other provinces to promote reconciliation and unity under the theme of "One Iraq."

Assessment of the Security Environment – Central/Northern Iraq

As pressure on AQI in Anbar Province and Baghdad has increased, the group has become increasingly concentrated in the central and northern Tigris River Valley in Ninewa Province. Mosul in particular has been a



focus for AQI operations. However, variations of awakening movements have taken shape in Ninewa, Salah ad Din, and Diyala Provinces, as well as in the southern provinces of Najaf and Babil. While there are many similarities between these movements and the Anbar movement, the Coalition and GoI responses require different approaches to Iraqi force integration and communal power arrangements. The resilience of SAI and similar awakening movements in the wake of successful AQI targeting of their respective leadership enabled these movements to overcome the many challenges of rooting out extremist influence within their regions. While some Sunni resistance groups in northern Iraq are ambivalent about cooperating with AQI, they continue to actively pursue an anti-Coalition and anti-Iraqi forces agenda. These groups view themselves as the protectors of Sunnis from the perceived encroachment of the Shi'a following AQI's displacement from the province. Perceptions of Kurdish expansionism also fuel Sunni fears and allow AQI to survive as a potential partner for pursuing the Sunni extremist agenda.

CLC groups in Diyala and Salah ad Din Provinces have bolstered the Coalition and Iraqi forces' ability to identify and counter extremist activity in their respective regions, particularly against AQI. CLCs provide intelligence, phone tips and verbal information on individuals and numerous weapons caches, greatly reducing the enemy's capability to cause harm and find safe haven. On October 18, 2007, Coalition and Iraqi forces discovered five separate weapons caches west of Tarmiyah, containing a total of 41,000 pounds of explosives as well as 35 projectiles, one of the largest caches found in Salah ad Din in the last 15 months. These caches were likely intended for use in VBIEDs; these finds highlight the improved tribal cooperation and effort against the

VBIED networks. Despite the increasing number of anti-AQI tribal and community-based initiatives, AQI is still able to threaten the security of central and northern Iraq. AQI has mounted a focused campaign of violence primarily targeting CLC group leaders that openly work directly against AQI or assist the Coalition. CLC groups' increasing numbers and effectiveness threatens to eliminate AQI's freedom of movement and ability to conduct attacks.

Ninewa Province is one of the few provinces that continues to see attacks above 2006 levels. Even though attack levels were higher, Iraqi forces showed an increased ability to effectively limit the impact of the attacks. AQI was largely unable to conduct its trademark suicide VBIED attacks against concentrations of civilians because vehicles were interdicted at checkpoints, minimizing large-scale casualties. Notably, AQI is being forced further from population centers, thus limiting its ability to strike with impunity.

Assessment of the Security Environment – Kurdistan Regional Government (KRG) Area

The KRG region remained the least violent in Iraq. The situation within the KRG-controlled territory of Irbil, Dahuk, and Sulamaniyyah remained generally stable, despite occasional AQI attempts to incite ethnic violence. While outside the area officially governed by the KRG, Tamim Province, as well as the resolution of Kirkuk's status under the Article 140 referendum process, continues to be the focus of the KRG.

Prospects of a Turkish cross border operation targeting the Kurdistan Peoples Congress (KGK) have led to increased tensions among the KRG, the GoI and Turkey. Previously, the KRG has said that it is incapable of removing the KGK from Iraqi soil since the KGK are located in high, rugged mountains

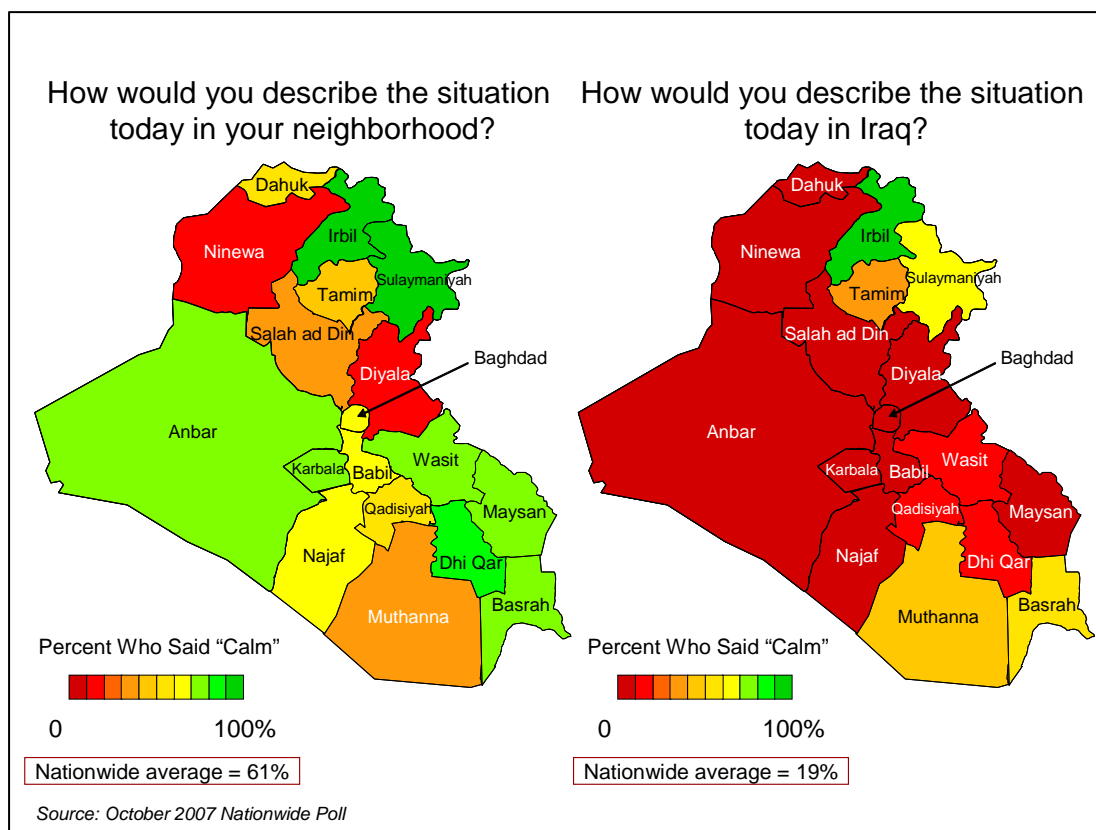
that straddle the Iraqi border with Turkey and Iran, and has pressed for “dialogue” to resolve the discord through peaceful means. The KRG has recently taken concrete actions against the KGK, labeling them a terrorist group, directing the closure of KGK offices in Iraq and adding checkpoints and more stringent airport screening.

Assessment of the Security Environment – Southern Iraq

Despite the assassinations of the Qadisiyah and Muthanna provincial governors in August 2007 and assassination attempts on other provincial leaders who vocally oppose JAM criminal activity, the security situation in the South has deteriorated only slightly. Although the recent agreement between Muqtada al-Sadr and Islamic Supreme Council of Iraq (ISCI) leader Hakim to end violence between JAM and ISCI’s Badr Organization lacks substance, continued dialogue between the two organizations may

help prevent violence from escalating. The GoI considered implementing the CLC concept in Shi’a areas, but Shi’a national political leaders are fearful of establishing and empowering organizations that may rival existing political structures. Despite this lack of governmental support, there is a growing initiative on the part of Shi’a tribes in south-central Iraq to form an awakening movement to combat Iranian influence.

Iranian-backed Shi’a extremists and rogue elements of JAM continued to attack Coalition and Iraqi forces in Qadisiyah, Babil and Dhi Qar Provinces. JAM attacks against Iraqi forces have slightly increased in Basrah since the British repositioning from Basrah City and as the Iraqi forces take on a more assertive role in the security of Basrah City in preparation for the transition of Basrah to PIC in December 2007. However, JAM attacks on the Coalition in Basrah have been minimal since mid-August. General Mohan, the



Provincial Director of Operations in Basrah, attempted to coordinate a ceasefire agreement with JAM. Iraqi forces, particularly the police, have limited ability to counter militias and criminal elements without outside assistance; however, the situation remains tense and criminal elements remain largely unchallenged in the city as demonstrated by JAM's brief seizure of multiple Iraqi police stations, police officers and equipment throughout Basrah on October 23, 2007. These elements are also unchallenged on the inland and coastal waterways.

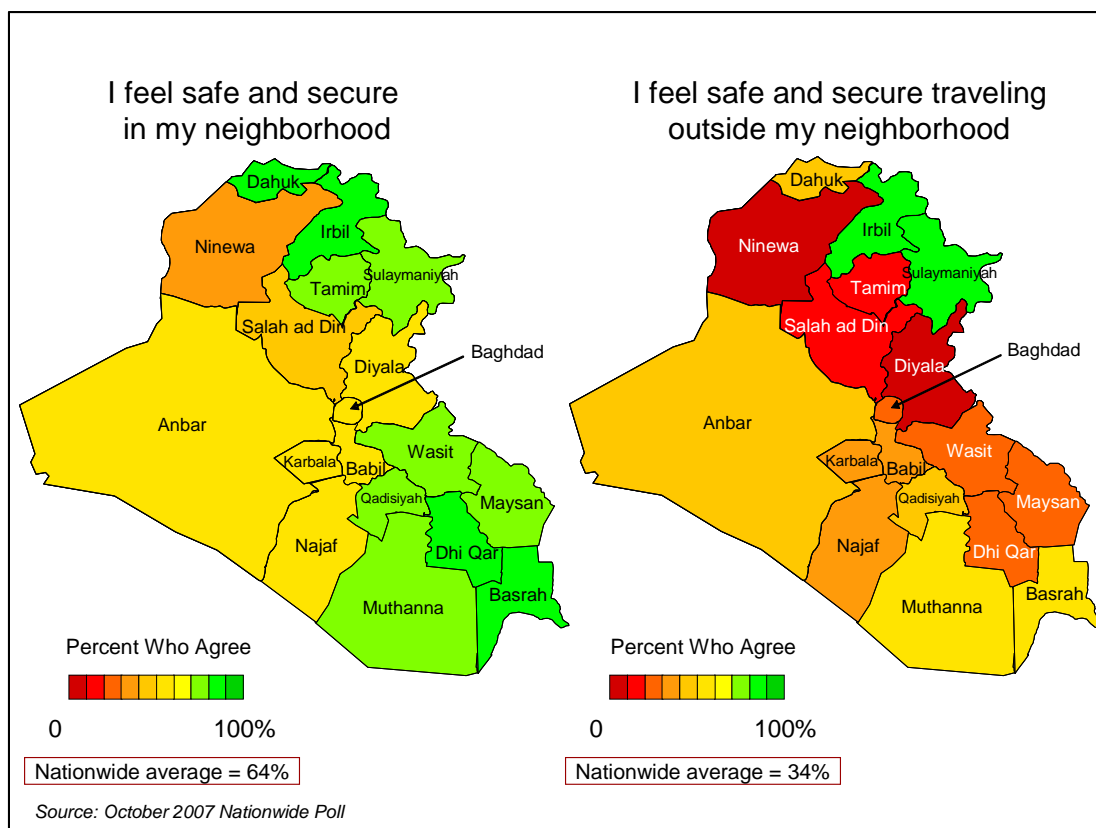
JAM special groups in Qadisiyah and its provincial capital of Diwaniyah continue to attack Coalition and Iraqi forces despite Sadr's call for a freeze on JAM activity. Shi'a extremists that have splintered from JAM still attack the Coalition base and patrols in Diwaniyah. JAM also broadcasts negative statements about the Coalition on the radio to influence public opinion. Iraqi

forces recently began an operation to clear and hold Diwaniyah and this effort has at least temporarily significantly altered the balance of power in that city.

Since late August, Iraqi forces have reduced violence and JAM influence in Karbala Province as the GoI prepared to assume responsibility for security of the province from the Coalition on October 29, 2007. These efforts capitalized on public outrage over the outbreak of violence largely attributed to JAM during a major Shi'a religious celebration on August 27, 2007.

Public Perceptions of Security

National polls show that Iraqis believe their local security situation is better than the national situation. When Iraqis were asked to describe the situation today in Iraq, 19% said the country was calm and not violent.⁸ When asked the same question about their province, perceptions of calmness improved to 33%.



When asked about their individual neighborhoods, 61% of Iraqis replied that their neighborhoods were calm. Nationwide polling in October 2007 indicates that 64% of Iraqis feel safe in their neighborhoods, but only 34% feel they can safely travel outside their neighborhoods.⁹ These results correspond with the perceived levels of violence in Iraq, in provinces, and in neighborhoods. These results suggest that Iraqis feel safer within their neighborhoods and perceptions of violence increase as they consider their country from a neighborhood to province to country perspective. When Iraqis were asked how they rated the level of peace and stability in Iraq today, 7% of Iraqis felt the country was stable nationwide while 67% said that Iraq was unstable.¹⁰ Note that for this question 26% of Iraqis answered “neither stable nor unstable” or “didn’t know/refused to answer.”

When Iraqis were asked if they had confidence in the GoI and Iraqi forces to improve the overall security situation in Iraq, their highest confidence was in the Iraqi Police at 59%, an increase of ten percentage points from September 2007; average confidence in these groups increased eight percentage points from September 2007.¹¹ Overall confidence in GoI groups who provide security to citizens (Iraqi Police, Iraqi Army, national, provincial and local government and the Iraqi judicial system) increased an average of 20 percentage points from September 2007. National polls conducted in October 2007 indicate that 62% of Iraqis have at least some confidence in the Iraqi Police to protect their families against threats.¹² This is an increase of 21 percentage points over data from September 2007 and is

the highest of any of the security forces. Of those polled, 12% had at least some confidence in the Multi-National Force to protect their families against threats.¹³ Polls also indicate that 65% of Iraqis believe that the Iraqi Police are winning the battle against crime.¹⁴ Najaf, Muthanna and Sulaymaniyah had the highest confidence while Ninewa and Diyala had the lowest. Similarly, 64% of Iraqis believe the Iraqi Army is winning the battle against terrorists.¹⁵ Again, Najaf, Muthanna and Sulaymaniyah had the highest confidence while Ninewa and Diyala had the lowest.

Conclusion

During this reporting period, the focus on population protection and growing cooperation from residents in securing their neighborhoods helped produce continued, tangible improvements in the security environment as overall attacks, sectarian violence, high-profile attacks, murders and casualties continued to decline.

While AQI retains the ability to conduct high profile attacks, it is mostly on the defensive and faces dwindling support within Iraq. Coordinated security operations have pushed much of AQI from its strongholds in the Baghdad area. “Bottom-up” reconciliation initiatives such as the tribal-based security initiatives and CLC movements have spread beyond Anbar to both Sunni and Shi’a tribes. Support from the international community for Iraq continues to build, and Iraq and Turkey have been able to manage increased tensions on their border. Sustaining these gains will depend on continued political, economic and diplomatic progress.

1.4 Transferring Security Responsibility

The Coalition continues to transfer responsibility for security to the GoI. Karbala Province transitioned to Provincial Iraqi Control (PIC) on October 29, 2007, bringing the total number of provinces for which the Government of Iraq (GoI) has lead security responsibility to eight out of eighteen provinces. The Ministerial Committee for National Security has approved the transfer of Basrah Province to PIC in December 2007. All remaining provinces are expected to transition in 2008.

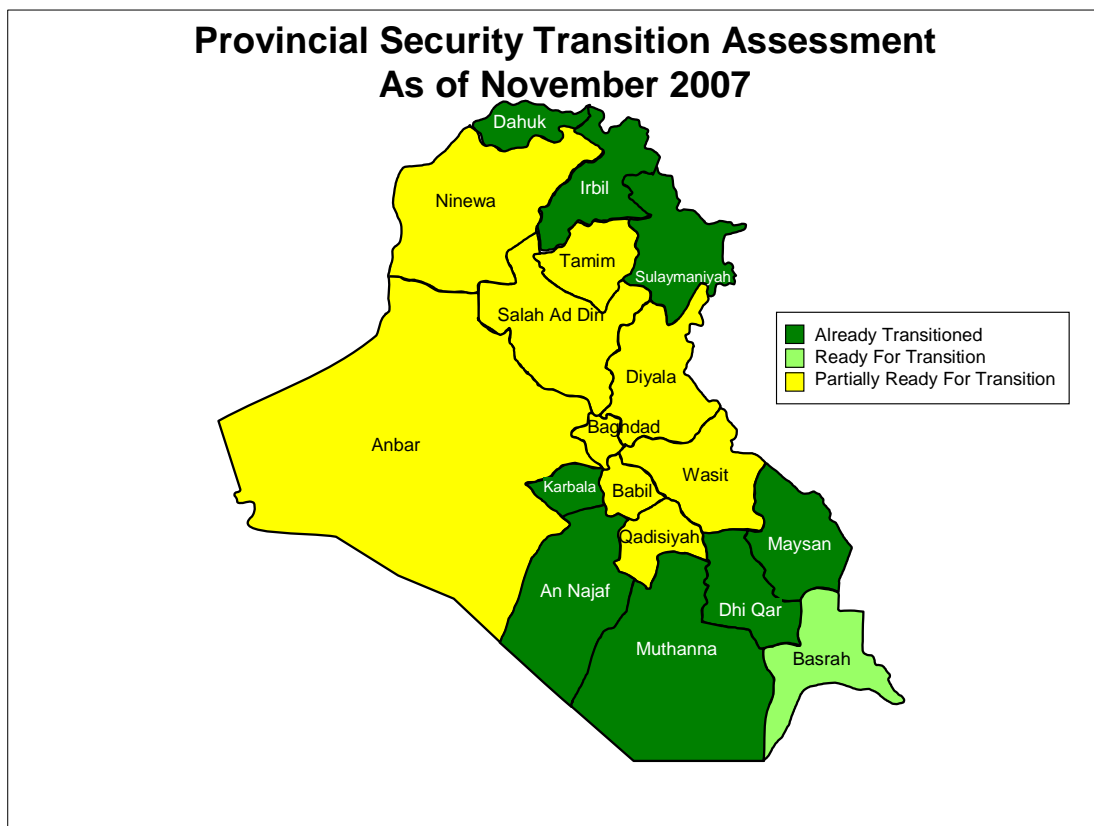
The GoI is broadening its efforts to take responsibility and enhance central GoI control for security through innovative problem solving and creative solutions incorporated into the PIC process. For example, Prime Minister Maliki has activated several operational commands, which report through the Ministry of Defense to the Prime Minister's office. The intent of these

operational commands is to improve the coordination between the Iraqi Army and National Police in conducting security operations and to assist the local police in maintaining security until they are capable of assuming full responsibility.

Although PIC conditions take into account security, threat level and governance, there is no clear post-PIC assessment process for determining the degree to which a transitioned province has achieved sustainable security and the conditions necessary for continued economic growth and stability.

Forward Operating Base Turnover Status

MNF-I has continued to seek reduction of temporary basing requirements by consolidating locations using a conditions-based approach that synchronizes basing requirements with Coalition force requirements. MNF-I has either transitioned to the



GoI or closed 61 forward operating bases (FOBs) out of a total of 125 as of November 15, 2007. In the first quarter of CY2007, one FOB was transferred. Three FOBs were transferred in the second quarter of CY2007, and one FOB was transferred in the third quarter, for a total of five FOBs thus far in CY2007. All were in the Multi-National Division – South East area of operations under the command and control of the United Kingdom. Due to increased force levels and Operation *Fardh al-Qanoon* operational requirements, one FOB previously transferred

to the Iraqi Army was re-occupied by Coalition troops during CY2007. A Memorandum of Agreement with the GoI was completed for this troop relocation.

Conclusion

The GoI is broadening its efforts to take responsibility and enhance central GoI control for security. To date, eight provinces have been transitioned to PIC, with transition of the remaining ten expected to be completed in late 2007 and 2008.

Section 2—Iraqi Security Forces Training and Performance

Since late 2003, approximately 440,000 Iraqi military and police personnel have been trained for the Ministry of Defense (MoD) and Ministry of Interior (MoI) forces. This represents an 80,000 increase in reported numbers since the September 2007 report. The majority of this increase represents those who have received training at regional and provincial training centers, and, as they were not part of the programmed Coalition training, were not included in earlier reports. As the Government of Iraq (GoI) has funded increasing percentages of the security budget, the MoD and MoI have taken responsibility for running their training bases and academies by paying the salaries of recruits and Iraqi trainers as well as the operations, maintenance and life support of the training bases, and to an increasing degree, initial personnel and unit equipment. U.S. funding is focused on developing logistics and sustainment capacity, equipment replenishment, equipment for enabler units such as aviation, engineer, and transportation units and construction of facilities including bases for new units, but the MoD and MoI increasingly contribute to these programs. U.S. funding also supports ministerial capacity development as well as provincial and station-level civilian police advisors.¹⁷ Similarly, while previous reports have listed numbers authorized by the Coalition and provided estimates of numbers on the payroll, the GoI is now responsible for determining requirements and counting personnel. Therefore, reporting will now reflect GoI statistics.

Authorized personnel numbers are increasing as a result of three major factors. First, the successful offensive operations and local awakenings have resulted in new sources of

Iraqi Security Forces as of November 15, 2007 ^{16*}			
Component	Authorized ^a	Assigned ^b	Trained ^c
Ministry of Interior Forces^d			
Police ^e	271,850	255,601	174,025
National Police	33,861	32,517	36,504
Border Enforcement	38,000	38,751	31,431
Total MoI	343,711	326,869	241,960
Ministry of Defense Forces^f			
Army	186,352	141,991	176,304
Support Forces ^g	17,369	17,208	15,449
Air Force	2,907	1,075	1,286
Navy	1,483	1,106	1,194
Total MoD	208,111	161,380	194,233
Counter-terrorism Bureau^h			
Special Operations	3,967	3,283	3,485
Totalⁱ	555,789	491,532	439,678
* Numbers do not include ministry staffs.			
a. Numbers reflect GoI authorizations.			
b. Numbers are based upon GoI payroll data and do not reflect present for duty totals. It is unknown how many personnel trained in U.S.-funded programs are still on the force.			
c. Numbers reflect total ISF personnel trained to date, some of whom are no longer assigned due to casualties, absent without leave (AWOL), etc.			
d. MoI strength does not reflect non-deployed investigative and administrative forces, the MoI Headquarters, MoI Forensics, Dignitary Protection, Facilities Protection Service or contracted guards. Police in the three Kurdish provinces are not included.			
e. Police Support Unit, Provincial Security Force, and Emergency Response Unit personnel are part of the Iraqi Police Service.			
f. The MoD strength is derived from Modified Tables of Organization and Equipment (MTOEs).			
g. Re-categorization of support entities may result in disparate numbers in the next report.			
h. The Counter-terrorism Bureau and Iraqi Special Operations Force will be at full operational capability in January 2008, separate and distinct from the MoD, and will begin a phased transition to independent operations.			
i. Annual attrition has averaged 15%-25%.			

potential recruits in a wider range of Iraqi communities. Second, over the past months the GoI has been consolidating security forces from other ministries into the MoD and MoI. This consolidation will continue through 2008. Third, the GoI recognized that the previous endstate of training and

equipping 390,000 personnel was inadequate if they were to assume more responsibility for Iraq's security.¹⁸ As a result, this report focuses more on the number of authorized and assigned personnel than on the number trained as a measure of development of the MoD and MoI forces.

As of November 15, 2007, more than 491,000 personnel are assigned to the MoD and MoI, not including civilian staff or MoI's Facilities Protection Service personnel. This number exceeds the number of total trained personnel because many of them—mainly police—have never been trained as rapid hiring over the past two years outstripped academy training capacity. In addition, the MoD and MoI do not accurately track which of those personnel who have been trained as part of U.S.-funded programs are still on the force and which are no longer on the force as a result of being killed in action or leaving for other reasons.

The increase in authorized MoD and MoI forces' endstrength from 389,000 personnel, as previously reported, to the current 555,789, and likely beyond, reflects the GoI's upward reevaluation of force ratio calculations originally developed by the Coalition in the 2003-2005 timeframe. Specifically, for the MoD it represents five new divisions (the previously reported two divisions of the Prime Minister's Expansion Initiative as well as three additional planned divisions). The MoI force expansion is driven by increases in police authorizations requested by several provinces and by the creation of auxiliary police forces. These auxiliary forces are elements of the current strategy, which seeks to gain the support of local populations through the inclusion of select elements of the community in the permanent structure of Iraqi forces.

The basic combat and basic police training facilities continuously operate at or near

capacity. For the Army, these increases have led to significant improvements in the percentages of enlisted personnel who are assigned to generated units. Nevertheless, the shortage of officers remains problematic, and it will take years to close the leadership gap given current capacity in the officer programs, which have long training cycles. The possible addition to the police service of some of the nearly 70,000 "Concerned Local Citizens" (CLCs) working with Coalition forces in an effort to better secure their neighborhoods will exacerbate the challenge of training all police who are on the force. The GoI has issued instructions to the MoI for its police commanders to be prepared to contract CLCs within the next three to six months. Many of the CLCs have expressed a desire to be formally hired into the Iraqi Police Service (IPS) and the army.

Analysis of future force structure requirements projects that the size of the Iraqi Army in 2010 should expand to between 261,000 and 268,000 personnel and to 5,000 in the Iraqi Air Force, 1,500 in the Navy and 4,000 in the Special Operations Force. MoI forces should grow to between 307,000 and 347,000. Including additional personnel for training bases and logistics, the size of the Iraqi military and police forces could grow to between 601,000 and 646,000 by 2010. Ultimately, the GoI will decide force levels based on national security requirements and its fiscal capacity to sustain a significantly expanded force structure.

2.1 Assessed Capabilities of the Iraqi Forces

The Iraqi forces' ability to secure Iraq with significantly reduced Coalition support will improve as their readiness levels improve. Such improvements remain constrained, however, by MoD and MoI deficiencies in logistics, combat support functions and combat enablers and by shortages of officers

at all operational and tactical levels. Therefore, the Coalition's four main areas of emphasis in developing the MoD and MoI and their forces remain unchanged from the previous report. They are: (1) develop ministerial capacity; (2) improve the proficiency of the Iraqi forces; (3) build specific logistic, sustainment and training capacities; and (4) support the expansion of the MoD and MoI forces. Special problems within these areas include corruption and lack of professionalism, sectarian bias, leader shortfalls, logistics deficiencies and dependence on Coalition forces for many combat support functions.

Ministerial Capacity

Coalition leaders are focused on improving the security ministries' capacity along several key functional lines: force management, personnel, materiel acquisition, resource management, sustainment, training and development. In general, progress developing ministerial capacity has been steady but inconsistent in these areas. Both ministries are making progress filling the shortages of leaders, conducting realistic training and issuing equipment to the forces. A current challenge is synchronizing force generation, training and replenishment efforts. Ministerial planners have recognized the need to synchronize ministerial planning, programming and budgeting efforts with longer-range plans.

Iraqi Forces Proficiency

As of November 15, 2007, 117 army battalions have been generated and are conducting operations, up from 105 in the last report. Another 42 are currently in or planned for force generation, and three Special Operations Battalions are capable of conducting operations with minimal Coalition support. Three of the 14 infrastructure battalions scheduled for redesignation as infantry units have completed training and are

now operational infantry. Ten divisions, 34 brigades and 108 battalions have the lead in counterinsurgency (COIN) operations in their areas of responsibility (AOR), an increase of one brigade and five battalions since the last report. Of all formed Iraqi Army units, 77% are rated as being able to plan, execute and sustain operations with minimal or no assistance from Coalition forces. Since September 2007, nine additional units have improved their proficiency and can now conduct COIN operations with Coalition support.

Another force demonstrating improved proficiency but still in need of increased professionalization is the National Police (NP), the MoI's nationally deployable force. Of the 31 authorized NP battalions that are operational, an increase of four from the last report, ten are capable of planning, executing and sustaining operations with Coalition support, an increase of three from last report. NP units are not assigned the lead of a specific AOR. Some NP units lack personnel, individual soldier equipment and reliable vehicles to conduct operations without Coalition support.

Logistics, Sustainment and Training Capacities

The MoD, and to a lesser extent, the MoI, have shown some improvement in logistics capabilities. The notable exception is an inability to adequately forecast life-support requirements and to promptly take action when contracts are expiring. The Minister of Defense had set an ambitious goal of December 1, 2007, for attempting again to assume life support self-reliance. Multi-National Security Transition Command-Iraq (MNSTC-I) advisors had recommended that implementation be phased in over time. So far, the implementation has been mixed. The construction of national-level maintenance and warehousing facilities at the Taji National Maintenance and Supply Depots

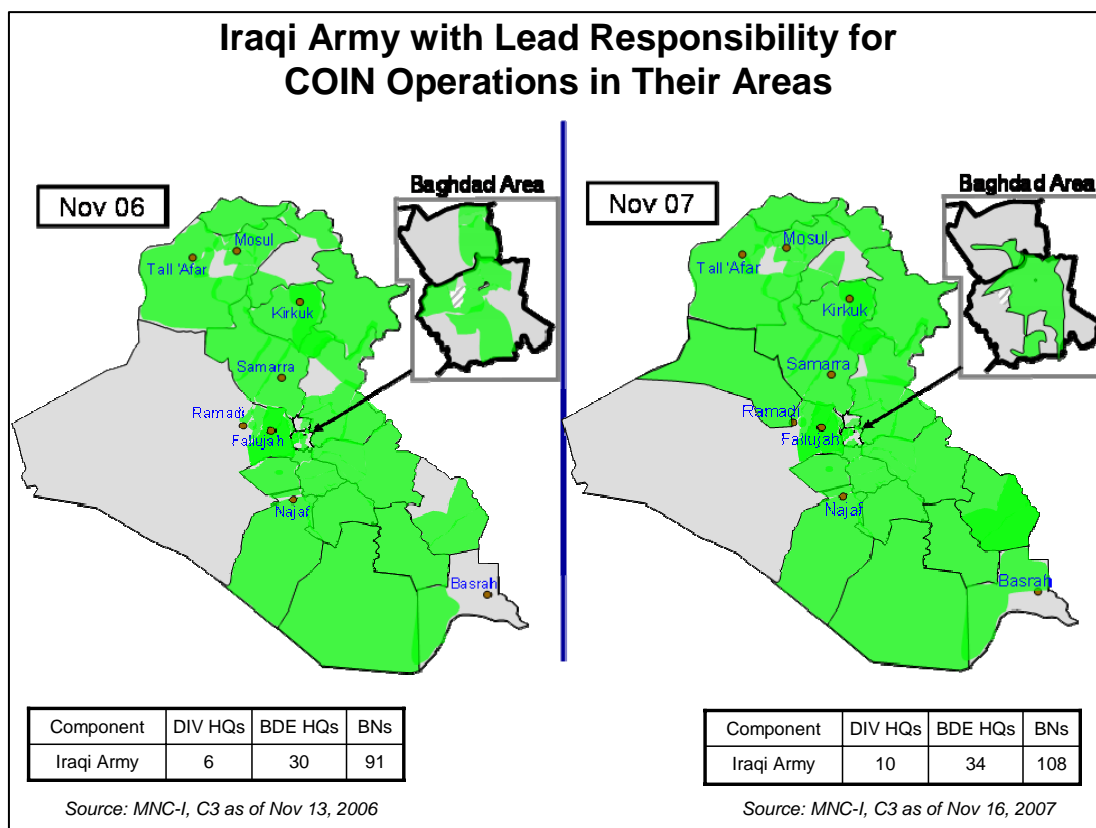
should be completed by 2009. Training enough personnel in critical logistics trades to fully staff these depots will take longer. The MoD, Iraqi Joint Headquarters, Iraqi Ground Force Command, Army Divisions and MNSTC-I are working diligently on the process of training logisticians for combat, base support and depot-level positions.

Both ministries still receive substantial logistics support from the Coalition, mostly in the form of U.S.-funded contracts, but to some degree as direct support. The Iraqi forces are partially dependent on Coalition support to move supplies to Base Support Units (BSUs) (formerly Regional Support Units), Garrison Support Units and police warehouses. Once at the BSU or police warehouse, Iraqi forces distribute commodities to the end user. Both the MoD and the MoI are now capable of supplying fuel to their units, but at times, Coalition units provide fuel for Iraqi vehicles and generators

on an emergency basis when allocations to the MoD and MoI from the Ministry of Oil (MoO) are below required levels. To normalize direct support, the Department of Defense and the MoD continued discussions during this quarter on the development of an Acquisition and Cross Servicing Agreement for the reciprocal provision of logistic support, supplies and services on a reimbursable basis.

The national logistics timeline conceived in 2006, as well as the MoD Logistics Action Plan and the MoI Concept of Support, have been overtaken by operational events. An updated Concept of Support and Logistics Action Plan is being developed and put into place iteratively in close coordination with key security ministry officials.

During this quarter, substantially increased quantities of Iraqi-funded equipment ordered through the U.S. Foreign Military Sales



(FMS) system have entered into the transportation and distribution pipeline, resulting in a significant buildup of materiel extending from Iraq back to the departure point in Charleston, South Carolina. For example, there are approximately 75 pallets and nearly 250 vehicles awaiting transportation in Charleston. In Iraq, several thousand M4 and M16A4 rifles, millions of rounds of ammunition, several hundred tactical radios, several hundred M1114 uparmored HMMWVs and M1151s with integrated armor and numerous other equipment items have arrived and are being processed. Various services that the MoD and MoI are buying through FMS are also being delivered each month to Iraq. As of November 15, 2007, the GoI had transferred US\$2.9 billion cumulatively for FMS procurements to the New York Federal Reserve Bank. Deliveries have been made on US\$669 million of the US\$1.55 billion in 2006 funds deposited; the rest is obligated and the requested equipment is being manufactured. Of the US\$1.318 billion in 2007 funds deposited, Letters of Offer and Acceptance totaling US\$960 million were awaiting GoI signature as of November 15, 2007.

In addition, Letters of Request (LORs) were submitted for equipment sets for 17 Iraqi Army Infrastructure Battalions (IAIBs) and three of their brigade headquarters, the Presidential Brigade, one infantry division headquarters and five brigade headquarters. The infrastructure units will be re-armed, re-fitted, retrained and provided with upgraded facilities to bring their organization and infrastructure in line with that of standard infantry battalions. Due to substantial increases in the Iraqi-funded FMS case load—it has increased more than ten fold in dollar value in less than a year—the DoD established a task force in July 2007 to monitor efforts to improve the procurement and delivery of defense articles and services

to Iraq using FMS authorities. The two key task force recommendations that are now being implemented are a substantial increase in the size of the Office of Security Cooperation at MNSTC-I with appropriately trained personnel to assist in more effectively defining requirements and processing cases along with upgrading the head of the office, at least temporarily, from a Colonel to a two-star general, and giving high priority within the Defense Transportation System to FMS materiel destined for the GoI. Assessment of other potential improvements in Iraq FMS supply chain logistics is under way.

The Iraqi Army and Police continue to expand basic combat and basic police training facilities, which are constantly operating at or near capacity. The result has been noticeable increases in the overall percentages of assigned unit strength. The leader-to-led ratio has also steadily improved. Between March and October 2007, the percentages across all units of Iraqi Army leader authorizations to which personnel had been assigned increased from 33% to 43% for noncommissioned officers (NCOs) and from 43% to 57% for officers. This will remain an area of key development for both ministries.

Force Expansion

Expansion of Iraqi forces to a current assigned strength of approximately 491,000 personnel during this period has been a result of three major factors: the opportunity to take advantage of operational successes and recruit from local tribal awakenings; the consolidation of units from various government agencies and ministries under the command and control of the MoD and MoI; and the GoI's reassessment of Iraq's security requirements.

2.2. Ministry of Interior

The MoI forces consist of the Iraqi Police Service (IPS), the NP, the Directorate of Border Enforcement (DBE), and other, smaller forces. The MoI also continues to consolidate the Facilities Protection Services (FPS) that were spread among the various ministries. The number of assigned Iraqi MoI forces has grown by 27,040 in this reporting period, including 23,571 IPS, 1,937 NP, and 1,365 DBE personnel. The number of personnel employed by the MoI, including civilian staff, ministry FPS and other elements, is now approximately 372,482. However, the accountability of personnel remains an issue, and as of August 2007, annualized attrition rates are estimated to be 17% for the IPS, 15% for the NP, 6% for the traffic police and 6% for the DBE.

The MoI continues to improve its capabilities, showing steady but uneven progress. While force generation, operational success, and reform efforts proceed, the Ministry remains hampered by corruption, sectarianism and logistics deficiencies. MoI Internal Affairs, the Inspector General and organizational staffs have increased efforts to reduce corruption and sectarianism. They are training more investigators and have conducted several internal investigations that resulted in the firing or removal of commanders implicated in corrupt or sectarian behaviors. Border enforcement is being enhanced by a ground port of entry improvement plan. Weapons accountability and warehouse management has improved. Most other logistics functions, however, are making slow progress.

Ministry of Interior Transition Issues

Ministry Capacity Development

Minister of Interior Bolani is committed to reforming the MoI but is hampered by a lack of political support, both inside and outside his Ministry. Coalition advisors continue to

report inconsistent improvement in the MoI's ability to perform key ministry functions, such as force management, developing, resourcing and implementing plans and policies, personnel management, acquisition, logistics and sustainment and training. Reducing corruption and improving professionalism are also focus areas.

Force Management. The Ministry of Interior Transition Team (MoI-TT) is working closely with its Iraqi counterparts in ensuring appropriate force management but challenges remain. Aggressive growth of police forces to meet present challenges, while continuing to recruit for baseline manning replenishment, requires a mature, integrated recruiting, screening, training, equipping and basing system that does not yet fully exist. The current IPS assigned strength is approximately 255,000 police, and 46,466 additional personnel have been requested by eight provinces. The MoI has issued hiring orders for 12,028 (23%) of these personnel while orders are pending for the rest. Most notably, police force expansions continue on an unprogrammed basis. Increases in provincial police authorizations occur in an ad-hoc fashion based on requests from Provincial Directors of Police (PDoPs) or local government officials. Although hiring is slowed by the Implementation and Follow-up Committee for National Reconciliation vetting process through which many recruits must pass, police payrolls continue to swell. The MoI headquarters has no mechanism to correctly match the limited funding it receives from the national budget with valid requirements and growth projections.¹⁹ The Baghdad IPS expansion plan is meeting the goals for recruitment, hiring orders, training and equipping. The PDoP and Patrol Commanders' formal request to recruit is for a total of 13,075 personnel to support patrol police (5,500) and station police (7,575). The recruiting objective for the Baghdad IPS

expansion plan is to hire an additional 12,641 personnel by March 20, 2008. In support of this expansion, the Civilian Police Assistance Transition Team (CPATT) is building 13 expedient police stations. As of this reporting period, two have been completed. The MoI provides life support to these new stations.

Resource Management. The MoI is currently in the process of developing its 2008 budget, which will include separate accounts for the Baghdad Police College, the Higher Institute, the National Police, the Facilities Protection Service and the Patrol Police. This will result in greater ease of budget execution by, but less oversight of, these units. The MoI's human resources (HR) Reform Committee has developed a plan to reform the HR systems of the Ministry, with a particular focus on linking HR and training management. In addition, deployment of an automated Iraqi-funded HR and payroll system, "*e-ministry*," is in Phase I of a three-phased fielding plan, and the MoI HR department has started populating the database. In the meantime, MoI and MNSTC-I officials are coordinating with the GoI to ensure all 2007 funds are spent. Since the funds reside in several MoI spending units, approval by the Iraqi Council of Representatives (CoR) is required to shift under-spent funds from one account to another. Coalition advisors are unable to determine if the CoR will approve reapportionment of MoI 2007 funds.

Personnel. The MoI IPS, Internal Affairs and Administration and Finance Directorates experience systemic problems in recruiting, hiring and accountability processes. It is unknown how many of the approximately 376,346 employees on the payroll are regularly reporting for duty. Hiring processes are cut across too many agencies with recruit vetting occurring at numerous stages and to unreliable standards. The result is incomplete hiring packets that lack critical information

such as the results of medical screenings. Ongoing reform of the Iraqi HR and payroll system will assist in addressing this issue.

Materiel Acquisition. Previous MoI materiel acquisition actions have reaped benefits during this period. US\$192 million worth of equipment procured through FMS with 2006 funds started arriving in October 2007, including nearly one million rounds of ammunition, and will continue to flow for the next several months. In addition, the MoI is seeking to buy equipment with its own funds from China and other sources to fill at least some of these shortages. The Prime Minister, Deputy Prime Minister, Minister of Finance and Minister of Interior continue to work with the CoR to move end-of-year MoI 2007 funds into acquisition accounts to ensure adequate purchases for an expanding police force, with the intention of executing some of this funding through the FMS program.

The CPATT continues to deliver organizational clothing and individual equipment (OCIE) for distribution by the MoI in accordance with priorities established by Multi-National Corps – Iraq (MNC-I). During this quarter, OCIE for the 15,000 IPS expansion initiative (minus the Baghdad force expansion) was transferred to the MoI. The MoI is also purchasing vehicles and parts through direct contracting and FMS cases. The first shipment of 2,600 vehicles procured through an FMS case is tentatively scheduled for December 2007 with final delivery in April 2008. In total, twenty-eight Letters of Request (LORs) have been developed for nearly US\$1 billion worth of equipment, ammunition, weapons, life support, communication and vehicles. The minister has signed 19 LORs; six are being staffed within the Ministry. The Minister also recently signed a Letter of Offer and Acceptance, which includes the biometric

“jumpkits” critical for the recruitment and accountability processes.

Logistics & Sustainment. The MoI logistics and sustainment structure is based on a civilian policing model for support and is designed to provide maintenance, transportation and supply support at national, provincial, regional and local levels in order to sustain civil security training and operations. During this period, the MoI has established a monthly logistics status report that requires the provinces to report their equipment authorization and on-hand status. The reports cover major pieces of equipment, weapons, communications and ammunition. The reports are becoming increasingly accurate and timely.

MoI equipment accountability continues to improve. Equipment procured by MNSTC-I has been delivered to the Baghdad Police College warehouses since January 2007 allowing the MoI to manage and issue equipment. U.S. and Iraqi representatives conduct joint inventories of U.S.-funded equipment deliveries. Once inventoried by the MoI warehouse supervisor, an MoI representative signs for the equipment. A joint inventory of serial numbered items such as weapons is performed and forwarded to MNSTC-I. The MoI maintains an automated database of hand receipts and serial numbers as well as a manual backup system. Coalition forces formerly provided all warehousing and distribution for the MoI through a network of eight contracted warehouses. The MoI has opened national, regional and provincial warehouses, which have allowed the Coalition to close five warehouses and reduce reliance on the complex at Abu Ghraib. The MoI has successfully assumed responsibility for most life-support requirements for operational forces, signing Iraqi-funded FMS LORs for seven of the eight life-support contracts.

MNSTC-I continues to work on developing other sustainment capabilities at the MoI. The MoI has improved maintenance policies, plans and processes, and is currently negotiating to assume responsibility for maintenance augmentation contracts in their next budget submission cycle. However, organic maintenance capability is embryonic and will take considerable time and investment to achieve self-sustainment. The MoI has assumed 100% responsibility for ammunition management, forecasting and procurement, though timely distribution remains a problem. Ammunition and weapon purchases through Iraqi-funded FMS cases and other direct contracts have resolved procurement sourcing issues. Fuel shortfalls, however, remain a significant problem and limit mission performance. Allocations from the MoO are inadequate to meet growing requirements, and funding levels from the Ministry of Finance and underresourcing by the MoI compound the financial strain on field units, which are forced to buy fuel at local market prices by diverting funds from other accounts.

Training and Development. MoI training and development efforts proceed against significant backlogs of hired but untrained police. Current and projected basic police and officer training requirements greatly exceed existing training base capabilities. All police are provided with a minimum 80-hour course as soon as possible after assignment; correspondingly, the training backlog for the full 400-hour training course is lengthening as the force expands. The Baghdad Police College, the source of all officers, was originally designed to provide leadership for a police force of approximately 60,000 and is woefully inadequate for today’s force of over 250,000. Although the MoI is greatly expanding the class sizes and cycles for its nine-month course, significant backlogs exist for officer and leadership training. The GoI

is considering including the CLCs in the training pipeline, which would further delay generation of originally programmed forces. Consequently, the Coalition and the MoI have formed a joint working group to develop training base expansion solutions that include planning for construction of ten new training centers and the expansion of seven existing training centers, all eventually working with a common curriculum to standardize training. These include new officer colleges in Mosul and Basrah, new provincial training centers in Muthanna and Maysan Provinces, and the expansion of facilities at the Baghdad Police College, Mosul Provincial Training Center and Habbaniyah. Additionally, CPATT and the MoI are seeking to maximize officer generation by recalling select former Iraqi Army and Iraqi Police Officers into the MoI forces, following a three-week Officer Transition Integration Program (OTIP). Since July 2007, the MoI has completed six OTIP courses, one six-month officer course, and one nine-month course resulting in 901 officers added to the force. Officer training attrition is 7% across all Iraqi Police officer training programs. In addition to basic enlisted and officer training, specialized training is ongoing in fields such as leadership and technical skills; the MoI Training and Qualification Center, working with the MoI HR Directorate, is seeking to link such professional training with career progression.

Corruption. Corruption and sectarian behavior continue to be evident in the MoI. The MoI has taken increasingly aggressive actions, however, to uncover perpetrators and reduce their impact. Internal Affairs Directorate investigations have led to the forcible retirement of 40 officers in the rank of lieutenant colonel and above; 30 Brigadier Generals arrested, fired or forced into retirement for corruption; and several thousand personnel fired, 700 of whom were

fired based on criminal records information from the Automated Fingerprint Identification System. During this period, 195 police were fired for militia activity and involvement in corruption. As a result of the firings, the head of Internal Affairs and his family have received death threats. To date, 1,269 Internal Affairs investigators have been trained with future plans of training a total of 3,000. By the end of 2007, the expectation is to have an additional 300 trained.

Embedded Advisory Support

U.S. and Coalition forces continue to expand advisory presence within the MoI uniformed forces down to the battalion and station levels. The size of any specific advisory team varies depending on area coverage, unit size, unit readiness assessment, regional considerations and unit types, but teams typically are comprised of about 10 to 15 personnel. There are 247 Police Transition Teams (PTTs) assigned to the Iraqi Police, including 74 teams covering police commands at the district and provincial levels. Twenty-eight border transition teams are assigned to about two-thirds of the DBE units at the battalion level and above; 40 National Police Transition Teams are assigned to over 80% of NP units at the battalion level and above, and the MoI Transition Team has 93 Coalition military, State Department civilian and contracted advisors assigned to the various directorates in the Ministry.

Approximately 17% of required transition teams for MoI forces have not yet been established. One reason for this gap is the level of funding for, and availability of, International Police Advisors (IPAs) and availability of military personnel for the PTTs. Each team includes civilian contractors, many of whom are former law enforcement professionals or ex-military, who are hired under a DoD-funded,

Department of State-managed contract. IPAs provide civilian law enforcement expertise in criminal investigation and police station management. PTTs travel to stations to mentor the Iraqi Police. Larger stations and stations in high threat areas are the highest priority because there are not enough IPA or military assets to allow for full coverage of all provincial and local headquarters and stations. Baghdad currently has a 1:1 ratio of PTTs to stations; the other provinces have ratios as high as 1:7. However, almost all senior MoI commands are now paired with transition teams.

Ministry of Interior Forces

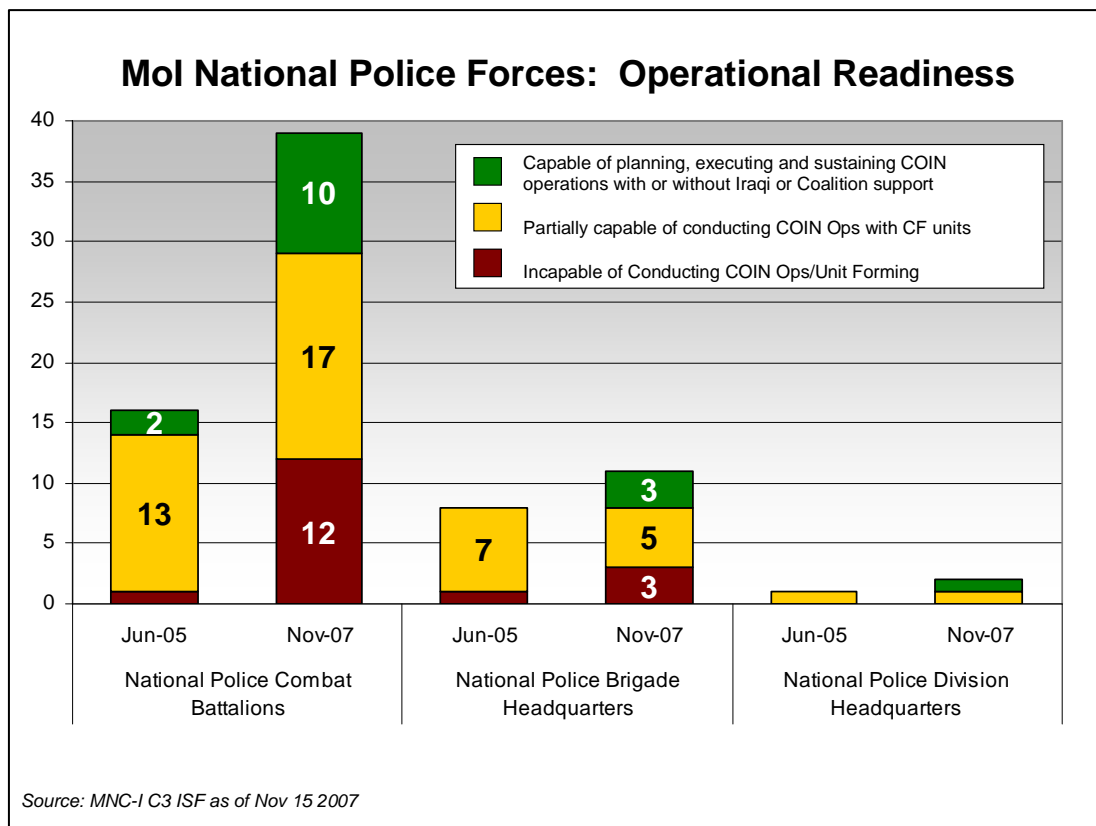
Operational Planning and Execution

Improved leadership during this period enabled the MoI Operations Directorate's formulation of an effective security plan for three national events including the Commemorations of the 7th and 12th Imams and Ramadan. These three events proceeded

mostly without major incident. Among the lessons identified were the need for clearly established command and control lines and procedures. MoI and Coalition emphasis is being directed at the Provincial Joint Coordination Centers for standardization and automation. Concentrated National Command Center mentoring is being conducted by Danish police and Coalition military trainers.

Iraqi Police Service

The IPS constitutes the majority of MoI forces assigned throughout Iraq and is comprised of approximately 256,000 patrol, station and traffic personnel. The IPS mission is to enforce the rule of law, safeguard the public and provide local security. However, since IPS members tend to be locally based, the extent of militia intimidation among the IPS is often a function of general militia influence in that area. Some IPS forces also remain prone to



intimidation by, or collusion with, criminal gangs. Due to combat loss, normal wear, attrition, maintenance and theft, a significant portion of IPS equipment may no longer be available or operational. These factors, as well as growth of police authorization levels, will require continued equipment support, which underlines the importance of a responsive FMS program.

National Police

Because the creation of five specialty units totaling an increased authorization of 5,974 personnel has drawn on regular NP units for their manning, regular NP units are filled at only 80% of authorized levels. NP present-for-duty strength remains stable at an average of 60% of authorized strength levels; however, the NP has developed a replenishment plan to increase its present-for-duty rates and is processing more officers through the Baghdad Police College to increase the percentage of officers. The NP is also reaching out to Sunnis and former regime officers to better reflect all sectors of the Iraqi population and has recently changed the mix of Sunni and Shi'a in the command teams. Of the two division commanders, one is Sunni and one is Shi'a; at the brigade level, 73% of the commanders are Shi'a and 27% are Sunni; at the battalion level, 82% are Shi'a and 18% are Sunni. Public opinion polls show the Iraqi perception of the NP as "capable and professional" has increased 18 percentage points between September and October 2007, to 56%.

The MoI is currently undertaking a basing initiative which re-postures NP units from their current locations in Baghdad, Samarra and Basrah to other areas of operation. As units are no longer needed in Baghdad, the NP will eventually "regionalize." The NP commanding general and the MoI are focusing on long-term plans for re-basing units inside Baghdad and in select provinces.

The Coalition continues to implement the four-phased NP Transformation Program intended to address the NP's high degree of sectarian behavior and limited progression in operational readiness. Phase II of this program involving standardized collective training in the areas of human rights, the rule of law, democratic policing, police ethics and counterinsurgency tactics was completed in November 2007, except for newly formed units which are being scheduled for training. The eight-week Phase III training began on October 20, 2007, with an initial class of 450 personnel and will continue through 2009. During this phase, NP battalions attend leader-focused courses on criminal investigation, crowd control, weapons handling, dignitary protection, intelligence operations and physical fitness. Training is based on the tactics, techniques and procedures of Italy's *Carabinieri* and is conducted with their assistance. Phase IV involves forward positioning to train for contingencies such as security for pilgrimages, natural disasters and national emergencies. Of the nine brigades that have completed Phase II, eight brigades are effectively employed around Iraq.

Directorate of Border Enforcement and Directorate of Ports of Entry

The DBE supports two key missions: policing ports of entry (PoEs) to ensure the smooth transition of legal goods and persons, and interdicting illegal traffic, including smuggling and movement of terrorists and foreign fighters, within and between PoEs. The DBE is structured into five regional commands, each responsible for both PoE control and border overwatch and patrol within its area. In order to complete the latter task, the DBE is in the process of manning and constructing up to 585 border forts encircling Iraq with the goal of creating a line-of-sight perimeter. This results in a border police force structure of 12 brigades

and 44 battalions spread across the five DBE regions. Current force structure assignments, since the integration of PoE into the DBE, are based on the regional command system, under which individual PoE Modified Tables of Organization and Equipment (MTOEs) are supplemented by modular battalions capable of surveillance, patrol and reinforcement, based on border-area size and threat assessment. However, greater integration of technological solutions may alleviate some of the manpower-heavy requirements of these force-planning assumptions.

The DBE continues to make progress in its ability to secure Iraq's borders. Senior leadership has begun a village engagement program to combat a recent increase in enemy propaganda and intimidation along the border. Units demonstrate an impressive ability to plan and execute all operations with which they have been tasked. Civil Customs Inspectors have improved their performance regarding inspection procedures. Despite these improvements, the DBE continues to be hampered by funding issues. DBE units suffer from inadequate fuel supplies, lack of maintenance capability and poor logistical support, poor maintenance of facilities, equipment shortages and officer and NCO shortages. Many of the DBE personnel are locally recruited in the border areas and are sometimes complicit with smuggling efforts. Any unprogrammed growth of border police within the DBE will exacerbate funding shortfalls for logistics and sustainment.

The PoE Directorate is improving its management of 14 land PoEs, four airports and four seaports. These improvements are part of a larger effort to disrupt the flow of terrorists and foreign terrorists and provide the Iraqi border forces with an improved capability to enhance the security of borders and PoEs. The MoI appointed a permanent Director of Ports of Entry in August 2007

following an 18-month period during which the PoE Directorate was headed by acting directors who were ineffective in developing and implementing plans. In addition, the Directorate opened an upgraded port of Al Qa'im on November 15, 2007 providing a major border crossing point with Syria. Enhancements include new equipment for screening vehicles and people along with around-the-clock oversight by Coalition forces and border advisors. In the near term, improvements are also being implemented on PoEs at Rabea'a, Wahleed, Trebil and Baghdad International Airport. PoE improvements will disrupt the in-flow of foreign terrorists and facilitators, and provide the GoI with an improved capability to secure Iraq's borders.

Facilities Protection Services

The Facility Protection Service Reform Law, which directs consolidation of the Facilities Protection Services (FPS) under the MoI (minus those elements working for Ministries of Oil and Electricity, and the Supreme Juridical Council) and establishes responsibility for provision of salaries, was passed by the CoR in November 2007. The law is now with the Prime Minister for signature. Despite not having formal passage of the law and having no additional funding for the potential increases, the MoI continues to press toward consolidation. The FPS directorate has continued to demonstrate significant institutional capability. They have forecasted their budget, acquired training ammunition and conducted a live-fire exercise for the first time in over a year. The MoI FPS strength is currently 19,149 personnel. Additionally, the FPS is increasing its ability to request, procure, receive and distribute equipment. The FPS is expanding its training capacity and developing its training curriculum. Training capacity should increase from 320 seats per

class to approximately 1,050 seats per class on January 1, 2008.

National Information and Investigation Agency

The National Information and Investigation Agency (NIIA) is the lead intelligence apparatus of the MoI. The organization consists of a National Headquarters, 15 provincial bureaus, six regional bureaus, 56 district offices, and offices at nine border PoEs. NIIA intelligence analysis and investigations enable intelligence supported police operations across the MoI. A recent surge in manpower authorizations swelled NIIA strength from 2,800 in August 2007 to 4,600 by the end of September. New NIIA mission areas are covered by a Counter-terrorism Directorate, an Internet Crimes Unit, an Institutions and Universities Unit and a Foreign Embassies Unit. Based on initial equipment authorizations, NIIA personnel have been issued 100% of body armor, 87% of weapons and 62% of authorized vehicles. Additional equipping requirements are being reviewed. NIIA effectiveness is hampered by an inefficient logistics processes, weak command and control systems, a primitive training base and continued militia infiltration and intimidation. The latter severely affects effectiveness as employees and leaders are hamstrung in their willingness and ability to share intelligence, conduct meaningful analysis and investigations and target militia and insurgent organizations and individuals.

2.3 Ministry of Defense

MoD forces currently have an authorized strength of approximately 208,000, with about 161,000 personnel on the payroll. The Iraqi Army (IA) has ten infantry divisions and one mechanized infantry division. Two additional divisions are being established as part of Prime Minister Maliki's Expansion Initiative. The MoD has made solid gains in

institutional capacity and force generation during this reporting period but is still developing capacity in other areas. A significant restructuring of the Joint Headquarters' (JHQ) command and control arrangements has also been undertaken. Coalition assistance provides fielded forces with some logistical support, but the MoD has begun a renewed effort to attain self-sufficiency in life support, maintenance and logistics in the coming quarters. The MoD is showing slow but real progress in the acquisitions process and is demonstrating an approach to the planning and management of all ministry requirements that are joint and reflective of civil-military coordination.

Ministry of Defense Transition Issues

Ministry Capacity Development

Improvements in MoD performance in the execution of key ministerial functions have been slow but steady, showing incremental progress, noticeably in FMS management oversight and performing requirements-based budgeting. Overall, the MoD is assessed as "partially effective" at force management, resource management, personnel, acquisition, logistics and sustainment and training and development. Continued Coalition assistance is needed to provide fielded forces with required logistical support.

Force management. MoD force management efforts experienced success during this reporting period in the areas of force planning, recruiting and command and control. The MoD and JHQ continue to strive to properly program the forces, equipment and basing required in accordance with MoD force generation priorities, but the challenge remains integrating activities across functional lines. The various expansion and replenishment initiatives of the past year were in part intended to generate forces to 120% of required levels to accommodate regular leave

schedules. As of November 30, 2007, IA divisions have reached an average of 112% of authorized strength for all fully operational units. This average consists of just under 150% of authorizations for enlisted personnel, just under 45% of authorized NCOs and just under 60% of authorized officers. In the last nine months, present-for-duty strengths increased from 94,700 to 109,100. The Air Force and Navy are manned at 42% and 75% of authorized personnel, respectively. The IA has suffered up to 17% annual attrition, in part due to a casualty rate two to three times higher than that of Coalition forces. On average, 2,000 soldiers become absent without leave (AWOL) each week, though an unspecified number return for duty. In 2007, approximately 21,000 Iraqi soldiers have been dropped from the rolls for desertion or AWOL. A major remaining force management challenge is synchronizing all elements of unit management, including recruits, leaders, equipment, training and basing in the context of shifting force generation and rotation plans, driven by a continuously changing operational picture.

Resource Management. Since publication in May 2007 of the Ministry of Planning-authored Iraqi Procurement Law, the MoD has been updating its Contracts Policy and Procedures Manual, including the business process flow charts and delegated approval financial thresholds, to match the new legal requirements. Until these processes mature, the MoD will continue to pursue a substantial portion of its capital acquisition and

sustainment requirements through U.S. FMS cases. Even their ability to benefit from FMS has been constrained by their difficulty in appropriately defining requirements to process Letters of Request. The MoD remains on track to develop and deliver the 2008 Capabilities Requirements Plan aligned to the expected 2008 budget allocation. Despite success in the planning for capabilities requirements, the MoD suffers from

Iraqi Ground Forces Personnel as of November 30, 2007 ^a			
Unit	Authorized	Assigned ^b as percent Authorized	Present for Duty as percent Authorized
Iraqi Ground Forces Command HQ	1,145	59%	33%
1st Division	11,652	111%	70%
2nd Division (including 6th IAIB ^c)	13,152	98%	61%
3rd Division	9,213	95%	65%
4th Division (includes 4/4 & 13 IAIBs)	24,969	104%	72%
5th Division	9,963	110%	78%
6th Division (includes 16th IAIB)	16,152	111%	86%
7th Division	9,213	97%	71%
8th Division (includes 17th IAIB)	10,152	152%	114%
9th Division (includes 11th IAIB)	11,585	109%	76%
10th Division	14,091	129%	102%
11th Division	5,954	130%	94%
Total Fielded Ground Forces	137,241	112%	79%
Additional Units Planned or In Generation, and 120% manning initiative ^d	49,111		
Total Ground Forces Fielded and Planned	186,352		
^a The "as of date" for data in this table differs from table on page 29.			
^b Figures derived from Iraqi payroll data.			
^c Iraqi Army Infrastructure Battalion.			
^d Iraqi payroll data does not yet account for the 12th or 14th Divisions; units comprising the 14th Division are being accounted for in the 8th and 10th Division figures. No units currently exist for the 12th Division.			

inefficiencies in the processes associated with committing funds and contracting. Budget execution remains constrained by bureaucratic stovepipes and convoluted acquisition processes, which reflect reluctance at every level to take personal responsibility and to delegate financial authority. The tendency, reinforced by the perceived need to avoid criticism by the Commission for Public Integrity, is for officials to refer decisions to the next higher level of authority.

Personnel. In addition to service-specific personnel programs, the MoD is improving its leader-to-led ratios through its re-joining initiative. During this period, nearly 500 officers and 2,000 NCOs from the former regime were vetted successfully and re-joined the IA. Prior-service officers and NCOs are attending a three-week “re-joining” course to prepare them for service in the IA. Up to 1,500 officers and 13,000 NCOs are expected to enter the force as a result of the current re-joining effort. Once the Accountability and Justice Law is passed, even more officers and NCOs from the former regime are expected to re-join the IA.

Materiel Acquisition. MNSTC-I and the MoD continue to work together to purchase and distribute mission-critical items to the Iraqi Armed Forces (IAF), such as up-armored HMMWVs, wheeled Armored Personnel Carriers, heavy machine guns and fuel trucks, to the agreed MTOE levels. The MoD continues to receive delivery of equipment, ammunition and repair parts through FMS using MoD funds. MNSTC-I and the MoD are improving security cooperation through a weekly Director General-level FMS Oversight Committee meeting. The MoD is also using FMS to acquire military line haul fuel tanker capabilities rather than rely on commercial transportation, and is steadily assuming

greater responsibility for transportation of supplies, soldiers and equipment via a contract for line transportation.

Logistics and Sustainment. In general, logistics remains a key challenge to Iraqi forces’ ability to permanently assume missions from the Coalition. The MoD continues to require Coalition assistance, especially in warehouse, depot, transportation and distribution operations. However, this period has seen some steps forward. The MoD envisions a national depot system which is currently being improved and constructed to support the general supply requirements, ammunition and maintenance for the IAF. Development of these three depots is expected to be complete by late 2008. Additional achievements during this period include the generation of two Motor Transport Regiments (MTR) and one Logistics Support Battalion (LSB). The end strength of existing MTRs and BSUs were also increased. These help to improve Iraqi logistics, maintenance and support capability. MTRs and LSBs also experienced improvements in their operational readiness assessment ratings during this period. To date, Coalition forces have provided 1,869 heavy cargo trucks, 6,441 medium trucks, 7,765 light trucks and 3,078 tool sets. The MoD, the JHQ and the IA have also improved their logistics “common operational picture,” which allows commanders to have better visibility of logistics assets within the supply, maintenance and transportation systems. As an example of increased capability, the MoD, JHQ, IA and Air Force coordinated equipment deliveries by an Iraqi C-130 to IA divisions in Mosul, Tal Afar and Basrah. The Joint Transition Advisory Council continues to work with the JHQ to track the transition of the maintenance capability, make decisions on the timetable and provide assistance in overcoming obstacles.

The ability of the MoD forces to maintain accountability of equipment has been mixed. With regard to weapons, the Department of Defense Inspector General confirmed that Coalition and Iraqi procedures are in place and working, although some improvements are required. Accountability for other types of equipment, however, remains a challenge. The JHQ, the Iraqi Ground Forces Command (IGFC) and MNSTC-I have initiated an effort to reconcile the differences between what was issued and what is on-hand by ordering joint accountability inspection teams to conduct 100% equipment inventories. These Iraqi initiatives are helping to improve equipment accountability at the unit level.

Training and Development. The MoD has begun to address the training deficiencies among its civilian work force. Many systemic problems within the Ministry, not unique to the MoD, relate to the lack of a core of professional civil servants. The training curriculum for civil servants is well advanced; new courses are being developed and future requirements are being defined. The Ministerial Training and Development Center is conducting courses in key areas for capacity building and self-reliance to include policy and requirements, acquisition, budgeting, personnel management, infrastructure, intelligence and security, communications, inspections, media and legal services.

The MoD is currently implementing the Future Iraqi Army Training System. Previously, training was largely limited to the institutional (entry-level and military occupational specialty qualification courses) training base. The Future Iraqi Army Training System incrementally builds on the institutional training base already in existence by adding a home-station training capability and a Combat Training Center (CTC) collective training capability. Institutional training is being improved by the availability of

additional courses, such as corporal's courses and organizational maintenance courses, and by upgrading range and training facilities at Regional Training Centers (RTCs). Home-station training is being enabled through the building of a division training center within the area of operation of every IA division. These training centers facilitate units conducting small unit collective training. An enhanced collective training capability has been established at CTC Besmaya. Through this system, the IA is developing individual leader skills; squad, platoon, and company collective skills; battlefield operating systems skills; and battalion staff skills.

The IA has also begun to improve specialized training. The Iraqi Small Arms Weapons Instructor Course, a five-week advanced course, is conducted at RTC Habbaniyah and is the first of its kind. The IA has also begun training on combat enablers like explosive ordnance disposal with the opening of the Bomb Disposal School on September 30, 2007 at CTC Besmaya. During this period in the logistics field, three new organizational maintenance courses began at RTC Kirkush, RTC Habbaniyah, and at Old Al Muthanna, with an annual training capacity of 1,000 soldiers per location. The Trauma Training Course trained nine MoD physicians and 49 other health personnel in the provision of trauma care during this period. The Basic Medic Course has trained 1,575 literate MoD personnel to be medics.

As part of the IA Training Base Expansion, training capacity has increased from 14,950 soldiers per training cycle to 25,100 soldiers per cycle. Capacity has increased at RTCs Habbaniyah, Kirkush, Taji, Numaniyah and Tallil; Division Training Centers (DTC) Hammam Al Alil and Al Kut; and CTC Besmaya. Additionally, DTC Al Kasik opened in August 2007. The annual IA Basic

Combat Training capacity is now 104,230 soldiers.

Military Justice. Two military justice laws, the Military Crimes Code and the Military Procedures Code, were passed by the Iraqi Parliament and became effective in August and September 2007, respectively. These laws now allow military commanders to deliver swift discipline for minor criminal offenses and effectively deal with absenteeism and desertion, through the process of a Disciplinary Officer Proceeding (an expeditious form of non-judicial punishment). The Iraqis are tracking all offenses, and commander education on the new laws continues.

Embedded Advisory Support

Transition Teams (TTs) are embedded in the MoD, the JHQ and the IGFC and with most division, brigade and battalion headquarters. At the national level, there are two teams, one for the civilian leadership of the Ministry and one for the JHQ. Since 2004, the MoD-TT has been led by a Senior Executive Service-level UK MoD civil servant. The MoD-TT consists of approximately 70 advisors including seven U.S. military personnel and six British and two Australian civil servants; the rest are primarily contractors. An Australian general officer leads the 60-person TT that advises the JHQ. At the JHQ-TT, U.S. military personnel comprise about half of the advisors and the rest are split roughly between U.S. civilian contractors and military personnel from other Coalition countries. Both TTs report to MNSTC-I and provide mentoring support to senior officials in developing the Iraqi capacity to manage key ministerial functions. At the tactical level, the Military Transition Teams (MiTTs) assigned to the MNC-I usually consist of about ten personnel and advise Iraqi commanders and staff on planning processes and combat operations. The requirement for

MiTTs is one per command unit of battalion and above; 166 teams are now fielded with these units. The Coalition Military Assistance Training Team (CMATT) has advisor teams with the Tactical Training Command, the CTC, six RTCs, and three DTCs supporting Iraqi institutional training and the CTC collective training. Iraqi institutional training includes basic combat training, specialized military occupational specialty courses and NCO training courses. The CTC at Besmaya provides capabilities for squad, platoon and company collective task training; battalion leader and staff training; and selected institutional training including officer training, mortar training and explosive ordnance training. To enhance the IA's operational unit logistic capabilities, CMATT has teams at Taji National Depot, five BSUs and at multiple other logistics bases.

The Coalition Air Force Transition Team (CAFTT) is responsible for assisting the Iraqi Air Force (IqAF) to develop needed airpower capabilities. This includes advising along the full spectrum of the IqAF hierarchy from the IqAF commander down to advising individual pilots and mechanics.

The Maritime Strategic Transition Team (MaSTT), headed by a British Royal Navy Captain, advises the Iraqi Head of Navy and the Iraqi Headquarters Staff assisting in the development of a capable and responsive Iraqi Navy. Its Naval Transition Team (NaTT) is embedded with the Iraqi Navy at the Umm Qasr Naval Base supporting the generation of a properly organized, trained and equipped naval force.

Ministry of Defense Forces

Joint Headquarters – Command and Control
Under Coalition Provisional Authority Order 67, the Chief of Staff of the MoD JHQ is responsible for operational command and

control of all Iraqi military forces. These forces are currently comprised of the IGFC, Navy, Air Force, and Training and Doctrine Command. The JHQ does not exercise command and control of Iraqi Special Operations Forces (ISOF) but provides administrative and logistical support. The MoD currently has an authorized strength of approximately 208,000 personnel centered on an army with ten infantry divisions, one mechanized infantry division and two divisions in force generation. In addition, there are associated combat support units, an air force consisting of seven squadrons and two training wings and a navy with two squadrons and one marine battalion.

At the operational level, Iraqi command and control is progressing gradually. The deployment of 2nd Battalion, 3rd Brigade, 9th Infantry Division from Taji to Basrah exemplifies the MoD, JHQ and IGFC ability to conduct operational planning and shift their focus as the needs on the battlefield change. While the 2nd Battalion did successfully deploy to Basrah, it did so with insufficient life support upon the unit's arrival and an incomplete plan to provide vehicle maintenance. The move of the 2nd Battalion identified the need for more clearly delineated responsibilities, published orders and transparent command arrangements.

Army

As of November 30, 2007, the IA's operational divisions consist of approximately 137,000 assigned soldiers and officers. These divisions are currently manned at 112% of authorized strength in order to bolster present-for-duty strength (79% of authorized strength), compensating for the policy of monthly leave so soldiers can travel to their homes to bring pay to their families. There is a shortage of 30,000 officer and NCO leaders and future requirements will require approximately an

additional 20,000 in 2008. There are 11,932 former officers currently serving in the IA.

The MoD is attempting to improve accountability for IA personnel. Thus far in 2007, the MoD has dropped approximately 21,000 Iraqi soldiers from the rolls for desertion and being AWOL. The JHQ M1 does not track the reasons why soldiers go AWOL. There is, however, no factual or anecdotal evidence to support the claim that the policy of monthly leave so soldiers can take their pay home contributes substantially to the AWOL rate. Two military justice laws, the Military Crimes Code and the Military Procedures Code became law in August and September 2007, respectively, providing military commanders the ability to punish absenteeism and desertion. To date no one has been charged under the new laws; the Iraqis are tracking all offenses but are still in the process of approving all necessary forms and documents that will be used to carry out the laws.

The IA has developed and is starting to implement several concepts to increase the number of leaders. These initiatives include accelerated officer commissioning programs, quickened accessions of university graduates with technical degrees, waivers to current time in grade/time in service promotion requirements, and active recruitment of former Iraqi officers and NCOs. In one example, the top 10% of each Basic Combat Training class is being allowed to continue to Corporal's Course.

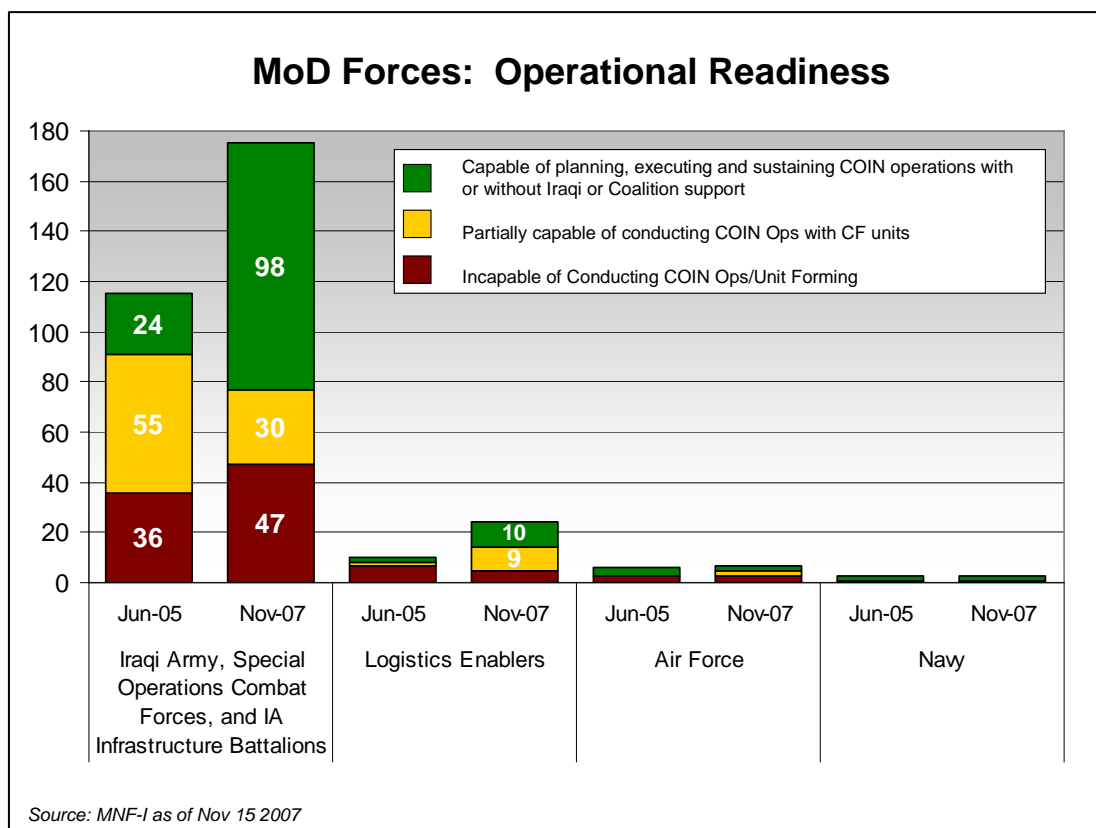
A number of units are currently in force generation including one division headquarters, seven brigade headquarters and 27 battalions. By the end of 2007 three additional brigades, four support companies, five infantry battalions, a motor transport regiment, a logistics battalion and an infrastructure repair regiment will begin the force

generation process. The IA continues to build units as planned. Efforts to bring units, the infrastructure battalions and the Presidential Brigade under the command and control of the MoD have also contributed to the expansion. Two Kurdish *Peshmerga* Divisions may also be integrated into the IA. The MoD and JHQ will determine how best to properly program these divisions, provide the equipment and basing required and train them in accordance with MoD force generation priorities.

A new practice in the IA force generation process is unit set fielding. This process allows for generated units to enter the force at higher levels of manning, training, and equipping readiness. It is conducted at multiple locations, leveraging existing training capabilities. Initially, the Coalition leads planning and execution with IA support. After six months, the IA leads with the Coalition in support. Throughout the process,

Coalition MiTTs are integrated and in an overwatch posture to advise unit set fielding to the greatest extent possible. Additionally, this process develops Iraqi Army capabilities for force generation, training, maintenance and property accountability. The unit set fielding and training begins with individual skill tasks and specialized equipment tasks and incrementally builds to small unit collective tasks.²⁰

At the tactical level, the IA's ability to plan and execute deployments progresses steadily. A number of units are able to plan and operate with minimal Coalition support, as evidenced by the Relief in Place/Transfer of Authority (RIP/TOA) of two Iraqi brigades during on-going counterinsurgency operations, one from the 10th Division and one from the 8th Division. These two divisions effectively conducted a successful RIP/TOA during September. During the same period, the 10th IA headquarters moved from Basrah



to Camp Mittica in preparation for the establishment of the 14th IA headquarters. Though the transfer experienced some difficulties, the move was planned without Coalition support and executed by the Iraqis with minimal Coalition support.

As of November 2007, the IGFC has assumed command and control of 11 IA divisions including 37 brigade headquarters and 113 battalions. The 6th and 9th Divisions have subsequently been subordinated to the MoD's Baghdad Operations Command with IGFC retaining administrative control. Operations commands have expanded to include Karbala, Samarra, Basrah and Diyala. These are seen as relatively inexpensive interim steps that may ultimately result in establishing four Corps Headquarters, an Iraqi conceived concept still in development.

The Iraqi Army Infrastructure Battalions (IAIBs), formerly known as Strategic Infrastructure Battalions (SIBs), are conducting a retraining and reequipping process that will transform them into regular IA Battalions. The MoD decided the units will be converted to a light infantry structure and trained in infrastructure protection using equipment on hand. The first two battalions have completed training, and the third battalion has transitioned in stride and is currently in training. An Infrastructure Repair Regiment is being developed by the IA. This unit is being developed in coordination with the MoD, MoE and MoO. This unit will be generated in two phases between December 2007 and May 2008. Phase I will include generation of a Headquarters and Service Company, two Security Companies and an Electric Repair Company. In Phase II, a Pipeline Repair Company will be generated. This unit will provide the IA critical capability to repair

damaged electrical power lines and oil pipelines in unsecured areas.

The MoD and JHQ are working with MNSTC-I to transfer responsibility for national level maintenance from contractors to the IA. The Iraqi Army Maintenance Program (IAMP) currently runs to the end of November at which point eight of ten third-line maintenance sites will have transferred to IA control. The contract has been extended through May 2008 to work off a backlog of High Mobility Multipurpose Wheeled Vehicle (HMMWV) repairs, improve IA information technology and develop the level of repair part support. Expanding the IA's maintenance capability is a challenge that has been and continues to be a focus of Coalition efforts. A progressive plan is in place to effectively build IA maintenance capability and enable Iraqi self-sustainment.

The IA has expanded fielding of units and training on U.S.-standard weapons, such as M16A4s and M4s that the MoD has procured through FMS. Accountability of M16A4s and M4s is enforced through a process that uses multiple forms of identification, including biometrics (voice print, fingerprint, palm print and retina scan). This Iraqi-owned process includes verification of national identity (*Jinsiya*) cards, verification of individual status on a unit pay roster and collection of personal data using biometrics. As of this report, MNSTC-I and the IA have fielded approximately 12,150 M16A4 and M4s and have conducted weapons familiarization. In conjunction with the M16A4 and M4 fielding and training, MNSTC-I and the IA have trained up to 1,265 IA officers and NCOs as trainers on these weapon systems and up to 210 IA soldiers as weapons maintainers to date.

Navy

The Iraqi Navy has approximately 1,100 assigned officers, sailors and marines. This will increase to 1,500 by February 2008 as more personnel are trained. The Navy has been assigned 111% of its officer, 58% of its NCO and 76% of its enlisted authorizations. As of November 30, 2007, 51% of authorized personnel are on duty at any given time. The headquarters element is at the MoD in Baghdad; the rest of the Navy is based in Umm Qasr and is comprised of an operational headquarters, one afloat squadron, one support squadron and one battalion of marines mainly for point defense of the offshore oil platforms. The Navy is projected to increase to 2,500 personnel to support a fleet of two offshore support vessels (OSVs), four patrol ships (PSs) and 15 patrol boats (PBs) and numerous fast insertion and interdiction craft by 2011. MoD contracts for the direct commercial purchase of the two OSVs, four PSs and three PBs have been finalized, and building should commence this month with a projected delivery date of October 2008 for the first PB with delivery completed by the middle of 2009. Further procurement of equipment, remaining PBs and fast craft, and infrastructure is now planned through FMS.

The Iraqi Navy also faces significant challenges in meeting the training needs in leadership, operations, navigation and technical skills to match its ambitious acquisition program. MNSTC-I Maritime Strategic Transition Team, Naval Transition Team, Coalition Navy, Marine and Coast Guard forces continue to advise and develop the embryonic Iraqi Navy to meet the maritime transition timeline of late 2010. Some of the more sophisticated training needs may need to be conducted outside Iraq in other naval academies with elements of more routine training supported by the NATO Training Mission in theatre.

Air Force

Approximately 1,200 personnel are assigned to the Iraqi Air Force (IqAF) with a projected total of 1,500 by the end of 2007. As of November 30, 2007, 40% of authorized personnel are present for duty. The MoD currently has 51 assigned aircraft and 129 total pilots. In the long term, the IqAF plans to grow to over 12,000 personnel in 38 squadrons operating from ten main operating bases and five secondary bases.

The Iraqi Air Force Training Wing at Taji Air Base offers basic officer and enlisted training as well as 18 different specialist courses with more planned in the future. The Iraqi Air Force Flight Training Wing also opened at Kirkuk Air Base in October 2007, training both new and former IqAF pilots.

The IqAF rotary-wing fleet of 35 helicopters is located at Taji Air Base. In September 2007, 2 Squadron completed its first successful forward deployment to Basrah Air Base. The squadron continues to conduct battlefield mobility and VIP transport missions. The Mi-17 helicopters of 4 Squadron continue to have very limited employment capability due to defensive system limitations. However, MNSTC-I will augment IqAF repairs to the system. The IqAF is also progressing toward an FMS procurement of an additional 14 Mi-17s configured for counter-terrorism missions with a potential for an additional 14 Iraqi-funded Mi-17s and eight U.S.-funded Mi-17s. The 23 Squadron at New al Muthanna Air Base has three C-130E aircraft on which IqAF technicians perform routine maintenance with minimal Coalition support. The MoD requested three additional Excess Defense Article C-130s from the U.S. Government to bring the squadron size to six aircraft, as approved in the 2008 National Defense Authorization Act.

The IqAF has conducted limited COIN operations with its 13 assigned Intelligence,

Surveillance, and Reconnaissance (ISR) aircraft. The first significant joint IqAF and IA operation recently took place as the IqAF provided real-time ISR support to the 2nd Brigade 4th IA Division. Air operations command and control continues to progress toward an IOC of its Air Operations Center at Camp Victory by December 31 2007.

Counter-Terrorism Bureau

The transition of ISOF command and control from the MoD to the Counter-Terrorism Bureau (CTB) and Counter-Terrorism Command (CTC) is on track. An important aspect of this transition is that the CTB must vet and validate all proposed counter-terrorism targets and seek approval for them through the Ministerial Committee for National Security. CTC and CTB are currently manned to 61% and 76% of authorizations, respectively. The 1st ISOF Brigade is currently manned at 86% with approximately 3,500 soldiers, and is organized into a counter-terrorism battalion, a commando battalion, a support battalion and a

special reconnaissance unit. Four expansion battalions are currently being established. The 1st ISOF Brigade has been formed, equipped and provided with initial training and is organized under the CTB, but command and control of the Brigade will not complete transition to the CTB until 2009. ISOF will have no special operations air capability until 2009. Additionally, a Special Operations Aviation capability is being developed to support counter-terrorist operations. This capability will reside in the Iraqi 15th Special Operations Aviation Squadron, IqAF. Pilots have been recruited and will begin night vision goggle (NVG) training and selection to the 15 Squadron in January 2008. Selected pilots will continue to log training hours with NVGs, reaching a proficiency level that will allow them to begin Special Operations specific training, provided by the U.S. military, in late summer 2008. Initial secure communications links were established in October 2007 between the CTB, CTC, and ISOF Brigade.

Annex A

List of Acronyms and Abbreviations

AOR	Area of Responsibility
AQI	al Qaeda in Iraq
AWOL	Absent Without Leave
BCT	Brigade Combat Team
BSU	Base Support Unit
CAFTT	Coalition Air Force Transition Team
CCC-I	Central Criminal Court of Iraq
CoM	Council of Ministers
CoR	Council of Representatives
CLC	Concerned Local Citizen
CMATT	Coalition Military Assistance Training Team
COIN	Counterinsurgency
CPATT	Civilian Police Assistance Transition Team
CRC	Constitutional Review Committee
CTB	Counter Terrorism Bureau
CTC	Counter Terrorism Command
DBE	Directorate of Border Enforcement
DoD	U.S. Department of Defense
DTC	Divisional Training Center
EFP	Explosively Formed Projectiles
ePRT	Embedded PRT
FMS	Foreign Military Sales
FOB	Forward Operating Base
FPS	Facilities Protection Service
GDP	Gross Domestic Product
GoI	Government of Iraq
HMMWV	High Mobility Multipurpose Wheeled Vehicle
HR	Human Resources
IA	Iraqi Army
IAF	Iraqi Armed Forces
IAIB	Iraqi Army Infrastructure Battalions (formerly SIB)
ICI	International Compact with Iraq
IED	Improvised Explosive Devices
IGFC	Iraqi Ground Forces Command
IHEC	Independent High Electoral Commission
IMF	International Monetary Fund
IPA	International Police Advisor
IPLO	International Police Liaison Officer
IPS	Iraqi Police Service
IqAF	Iraqi Air Force
IRGC-QF	Iranian Islamic Revolutionary Guard Corps - Qods Force
IRRF	Iraq Relief and Reconstruction Fund
ISCI	Islamic Supreme Council of Iraq

ISR	Intelligence, Surveillance, and Reconnaissance
ISOF	Iraqi Special Operations Forces
JAM	Jaysh al-Mahdi
JCC-I/A	Joint Contracting Command-Iraq/Afghanistan
JHQ	Joint Headquarters
KGK	Kurdistan Peoples Congress (formerly PKK)
KRG	Kurdistan Regional Government
LOR	Letter of Request
LSB	Logistics Support Battalion
mbbl/d	Million Barrels Per Day
MCC	Major Crimes Court
MCROLD	Ministerial Committee for Rule of Law and Detention
MiTT	Military Transition Teams
MMPW	Ministry of Municipalities and Public Works
MNC-I	Multi-National Corps-Iraq
MNF-I	Multi-National Force-Iraq
MNSTC-I	Multi-National Security Transition Command-Iraq
MoD	Ministry of Defense
MoE	Ministry of Electricity
MoF	Ministry of Finance
MoI	Ministry of Interior
MoO	Ministry of Oil
MTOE	Modified Table of Organization and Equipment
MTR	Motor Transport Regiment
MW	Megawatts
MWh	Megawatt hours
NCO	Non-Commissioned Officer
NIIA	National Information and Investigation Agency
NP	National Police
NPTT	National Police Transition Team
NVG	Night Vision Goggle
OCIE	Organizational Clothing and Individual Equipment
OSV	Offshore Support Vessel
PAC	Procurement Assistance Center
PB	Patrol Boat
PDOP	Provincial Director of Police
PDS	Public Distribution System
PHC	Public Healthcare Centers
PIC	Provincial Iraqi Control
POE	Directorate of Ports of Entry
PKK	Kurdistan Worker's Party
PRT	Provincial Reconstruction Team
PTT	Police Transition Team
QF	Qods Force
RIP/TOA	Relief in Place/Transfer of Authority
ROLC	Rule of Law Complex

RTC	Regional Training Center
SAI	<i>Sahawa al-Iraq</i>
SBA	Stand-By Arrangement
SIB	Strategic Infrastructure Battalion
SVBIED	Suicide vehicle-borne IED
SVEST	Suicide Vest bomb
TF-BSO	Task Force to Improve Business and Stability Operations-Iraq
TT	Transition Team
UN	United Nations
UNAMI	United Nations Assistance Mission Iraq
USACE	U.S. Army Corps of Engineers
USAID	United States Agency for International Development
VBIED	Vehicle-borne IED

¹ The data cutoff date for this report is November 30, 2007.

² Translates as Awakening Movement of Iraq.

³ “Stabilizing and Securing Iraq: U.S. Ministry Capacity Development Efforts Need an Overall Integrated Strategy to Guide Efforts and Manage Risk,” Government Accountability Office, October 2007.

<http://www.gao.gov/new.items/d08231t.pdf>. Recognizing the need for greater coordination in assistance programs, the U.S. Ambassador to Iraq in May 2007 named a Coordinator for Economic Transition in Iraq to head U.S. Government ministerial capacity development efforts through the Ministerial Engagement Coordinating Committee.

⁴ The Procurement Assistance Center (PAC), an ITAO-administered program, funds the Ministry of Planning and Development Cooperation in the establishment of PACs focused on clear and efficient procurement and contracting procedures. The PAC program supports both national ministries and provincial governments. PACs established in provinces are referred to as Provincial Procurement Assistance Teams (PPATs). PPATs have recently been established in a number of provinces. Provinces with the greatest difficulty in budget execution have been given priority.

⁵ This report uses average daily megawatt hours (MWh) to measure electricity generation output. Previous reports used megawatts (MW) to measure average daily peak supply and demand. Although average daily peak is a valid measurement, it is an instantaneous measure that does not capture overall production output. Production capacity is still measured in MW.

⁶ See *Relief and Reconstruction Work at Mosul Dam, Mosul, Iraq* by the Special Inspector General for Iraq Reconstruction, for an assessment of this project. (SIGIR-PA07-105, October 29, 2007) (<http://www.sigir.mil/reports/pdf/assessments/PA-07-105.pdf>)

⁷ The term “Concerned Local Citizens” is generic and covers a number of security arrangements initiated at the unit level. These include the provision of security under Commanders’ Emergency Response Program (CERP)-funded contracts and less formal voluntary arrangements in which financial rewards are given for handing in IEDs and weapons. Currently, there are about 69,000 CLCs across Iraq, including 17,000 in Baghdad.

⁸ Nationwide poll, October 2007: “How would you describe the situation today in your neighborhood?” and How would you describe the situation today in Iraq?” Nationwide, 61% of respondents described their neighborhood as “Calm” and 19% describe Iraq as “Calm.” Sample size: ~12,000. Margin of error: ~1%, <8% provincial.

⁹ Nationwide poll, October 2007: “Do you agree with the following statements? I feel safe and secure in my neighborhood and I feel safe traveling outside my neighborhood.” Nationwide, 64% of respondents agree that they feel safe inside their neighborhoods and 34% feel safe traveling outside their neighborhoods. Sample size: ~12,000. Margin of error: ~1%, <8% provincial.

¹⁰ Nationwide poll, October 2007: “How would you rate the level of peace and stability in Iraq today?” Nationwide, 7% of Iraqis rate the country as “Stable,” 67% rate the country as “Unstable,” 26% “Don’t Know” or “Refuse to Answer.” Sample size: ~8700. Margin of error: ~1.5%, <10% provincial

¹¹ Nationwide poll, October 2007: “How much confidence do you have in the following to improve the situation in Iraq? Iraqi Police” Nationwide, 59% of Iraqis answered have confidence in Iraq’s ability to improve the overall security situation. Sample size: ~8700. Margin of error: ~ 1.5%, <10% provincial.

¹² Nationwide poll, October 2007: “How much confidence do you have in the following to protect you and your family against threats? Iraqi Police.” Nationwide, 62% of Iraqis had at least some confidence in the ability of the Iraqi Police to protect them/their family against threats. Sample size: ~8700. Margin of error: ~ 1.5%, <10% provincial.

¹³ Nationwide poll, October 2007: “How much confidence do you have in the following to protect you and your family against threats? Multi-National Force.” Nationwide, 12% of Iraqis had at least some confidence in the ability of Multi-National Force-Iraq to protect them/their family against threats. Sample size: ~8700. Margin of error: ~ 1.5%, <10% provincial.

¹⁴ Nationwide poll, October 2007: “Do you think the Iraqi Police are winning or losing the battle against fighting crime?” Nationwide, 65% of Iraqis answered “Winning.” Sample size: ~8700. Margin of error: ~ 1.5%, <10% provincial.

¹⁵ Nationwide poll, October 2007: “Do you think the Iraqi Army is winning or losing the battle against terrorists?” Nationwide, 64% of Iraqis answered “Winning.” Sample size: ~8700. Margin of error: ~ 1.5%, <10% provincial.

¹⁶ A new table is included during this reporting period to more accurately capture Iraq force personnel growth from three perspectives: “authorized,” “assigned,” and “trained.” The definition of “authorized” for MoD (Ministry of Defense) and Iraqi National Counter Terrorism Force (INCTF) forces is personnel strengths derived from MTOE (Modified Tables of Organization and Equipment) for all MoD and INCTF units. This definition accounts for units that are generated, in generation or planned, plus the Prime Minister’s initiative to man Iraqi Army units to 120% of authorized strength. The definition of “authorized” for MoI forces is based on authorized Ministry of Interior hiring orders. The definition of “assigned” is derived from monthly payroll data for both MoD and MoI forces and includes all personnel, trained and untrained, who received pay the previous month. The definition of “trained” is the cumulative number of personnel who have completed Basic Combat Training (BCT) for MoD forces, the Operators Course for INCTF and Basic Recruit Training (BRT) for MoI forces.

¹⁷ U.S. appropriated funds that have been used for generating Iraqi military and police forces include US\$5 billion in the FY2004 Iraq Relief and Reconstruction Fund (IRRF). It also includes US\$5.4 billion in FY2005 for the Iraq Security Forces Fund (ISFF) followed by additional injections of \$3 billion in 2006 and US\$5.5 billion in 2007 and a pending US\$3 billion for FY2008—a total of US\$21.9 billion.

¹⁸ These totals include approximately 35,000 police trained as part of provincial police initiatives and some replenishments for the substantial attrition that Iraqi forces have suffered during the past four years. Previous quarterly reports focused mainly on the throughput of the U.S.-funded program while providing estimates of the number of personnel actually on the various forces. These reports measured totals for the MoI’s Objective Civil Security Force (OCSF) and the MoD’s Objective Counterinsurgency Force (OCF), including the Prime Minister’s force expansion initiatives announced in 2006.

¹⁹ This rapid expansion of police on the payroll is abetted by Coalition Provisional Authority Order 71 (CPA 71), which diluted the MoI’s control over the police by giving the provincial governments the power to approve hiring and initiate firing of provincial chiefs of police. The practical effect of CPA 71 has been to make provincial police chiefs more beholden to local pressures without regard to MoI funding constraints. This unpredictable process does not allow synchronization of required resources and growth projections; it creates confusion in effectively manning the force, undermines attempts to build a requirements-based force structure, and subsequently creates difficulties in properly training, equipping and budgeting for Iraqi Police salaries.

²⁰ 3rd Brigade, 11th Iraqi Army Division, which deployed to eastern Baghdad in November 2007, was the first unit to complete this program. 2nd Brigade, 11th Iraqi Army Division is currently conducting unit set fielding and training and will deploy to eastern Baghdad in December 2007. 2nd Brigade, 11th Iraqi Army Division will be followed by 3rd Brigade, 14th Iraqi Army Division in January 2008 and 4th Brigade, 5th Iraqi Army Division; 4th Brigade, 7th Iraqi Army Division; and Logistics Battalion, 4th Brigade, 9th Division in February 2008.